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The University of San Francisco

RE-IMAGINING INDIVIDUAL AND COMMUNAL IDENTITY:  
CORPORATE MERGERS

A Dissertation Presented to  
The Faculty of the School of Education

Department of Leadership Studies  
Organization and Leadership Program

In Partial Fulfillment  
of the Requirements for the Degree  
of Doctor of Education

By  
Susan Duvall-Dickson  
San Francisco, California  
Spring 2011

**THE UNIVERSITY OF SAN FRANCISCO**  
**Dissertation Abstract**

**Re-imagining Individual and Communal Identity:  
Corporate Mergers**

This research studies how organizational culture and cultural change is viewed during mergers and acquisitions. Unlike the tribes studied by anthropologists, where culture grows organically out of necessity, an organization is put together intentionally to provide a specific service or product. Organizational culture is typically formed by the values of its founders and enhanced by the experiences brought into it by others. Cultural change within a corporation or other organization can happen at any time. However, it is often expedited during a merger or acquisition. The problematic that occurs is that culture is rarely given sufficient recognition during the integration process.

As described by Herda (1999) this dissertation uses critical hermeneutic theory as the basis of its inquiry. Paul Ricoeur (1984; 1991; 1992) and Richard Kearney (2003; 2004) provide the theory behind my research categories-Narrative Identity and Mimesis. Ethics, power, tradition, integration, and imagination emerged as themes within these categories and added essential layers to this study.

The data collected through conversations with individuals, across several industries, assists in bringing new understanding to the influence of mergers and acquisitions on corporate culture. The findings reveal an opportunity for further study into how organizational culture might become a more integral part of due diligence at the onset of the merger or acquisition discourse.

Critical hermeneutics also opens the occasion, through conversation, to continue to engage the attention of those responsible for integration and the imagined future.

This dissertation, written under the direction of the candidate's dissertation committee and approved by the members of the committee, has been presented to and accepted by the Faculty of the School of Education in partial fulfillment of the requirements for the degree of Doctor of Education. The content and research methodologies presented in this work represent the work of the candidate alone.

Susan Duvall-Dickson

February 25, 2011

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To my husband Kyle and my family, thank you for your patience, understanding, and support. I hope that through my work here I may inspire my children, Sara and Andrea, and my grandchildren, Noah, Kylie, and Andre. Remember it is only through perseverance that you will reach your dreams and achieve your goals.

Thank you to my comrades in this quest. Each of you gave me unwavering support and there is no way I could have made it without your constant encouragement and humor over the past few years.

Finally, I extend my appreciation to my work colleagues and all of my conversation partners – these busy individuals who so graciously gave me their time. The richness of their stories revealed a text that provides greater understanding in the area of organizational culture and change.

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## **CHAPTER ONE: STATEMENT OF THE ISSUE**

### **Introduction**

At the heart of all organizations are the people who inhabit them. Values, language, and norms are accepted by those long associated with the organization and taught to newcomers who come onboard. Every organization is shaped by a history of tradition, stories, and artifacts. Culture is a major contributor to both group and individual action woven throughout organizational life.

Bringing two organizations together often threatens the collective identity that makes up corporate or organizational culture. This identity may influence whether a merger succeeds or fails. In concept, companies may attempt a merger of equals. However, as Dackert, Jackson, Brenner and Johansson (2003:709) explain, “a merger seldom involves joining equal partners, and therefore a power variable is often included in the merger process.” During a merger or acquisition, cultural issues that may have previously lay dormant intensify and the collisions that ripple through the organization may create irreparable disruption. In most cases, one culture will emerge as dominant and silence the other over time (Bligh 2006).

Leaders of merging organizations have traditionally understood cultural change from an epistemological point of view (Bligh 2006). Oftentimes the idea of “buy-in” of the new culture is expressed through facilitation, feedback, and mission statements. In light of the dominant epistemological viewpoint, this dissertation offers a different approach into an inquiry on mergers. Specifically, this document is a study of organizational culture in mergers and acquisitions from an ontological perspective. I have carried out a participatory critical hermeneutic research inquiry

into how changes occur in mergers and acquisitions. In other words, I have studied how corporate and non-profit organizations address the cultural change that emanates when two separate organizations come together as one.

### **Research Questions**

I have chosen two categories (discussed in Research Protocol) to guide my narrative. Under each category is a general question related to the category:

1. Narrative Identity. Through the collection and interpretation of narratives discuss some of the happenings that could provide an opportunity to embrace new identities of individuals and organizations that experience radical change.
2. Mimesis. Through collective reinterpretation of the past, how might we imagine a new future for an organization?

### **Background of the Issue**

The origins of organizational theory may reach as far back as the Book of Exodus, Chapter 18 when Jethro, the father-in-law of Moses, urges Moses to delegate authority over the tribes of Israel along hierarchical lines (Shafritz, Ott and Suk Jang 2005: 27). In 400 BC Socrates suggests, “the universality of management is an art unto itself” (Shafritz et al. 2005). Organizational culture appeared in 360 BC with Aristotle’s *The Politics* that offers the specific nature of executive powers and functions cannot be the same for all states (organizations) but must reflect their culture environment (Shafritz et al. 2005: 9). Many studies came after Aristotle’s time. However, for organizations in the United States none may have had more influence than *The Wealth of Nations* (1776) by Adam Smith (Shafritz et al. 2005).

Smith focuses on organizational efficiency which, in the industrial revolution, was paramount to an organization's success (Shafritz et al. 2005).

The Review of Literature reveals that much of the writing on organizations between 1776 and 1957 focused on organizational systems, economics, and scientific management. While people were part of the organizational equation they were not considered to be thinking beings, rather tools to achieve profitability. Amidst this systematic thinking, some ideas on the human element eventually surfaced. Mary Parker Follett brings forth a new way of thinking in 1926. In her work, (Shafritz et al. 2005: 9), Follett calls for "power with" rather than "power over". In the early 1930's Elton Mayo, an Australian psychologist, sociologist, and organizational theorist and, considered the founder of the Human Relations Movement writes *The Human Problems of an Industrial Civilization* in 1933 (Shafritz et al. 2005). This was the "first major report resulting from the Hawthorne Studies and the first significant call for a human relations movement" (Shafritz et al. 2005: 9). The Hawthorne studies are a major effort to explore, in a systematic way, the influence of factors such as rest breaks on the productivity of the workforce.

From this point forward more emphasis on human relations within organizations emerges, including Abraham Maslow and his hierarchy of needs. Douglas McGregor and Chris Argyris focus on the human element and concepts toward science and systems. Specifically, McGregor (1960) refines the traditional authoritarian and humanistic managerial philosophies into Theory X and Theory Y and Argyris (1957) looks at the central conflict between the personality of a mature adult and the necessities of modern organizations. Today, a large part of the work on

organizational theory and development focuses on efficiency and economics rather than the culture that may be formed through being with others in organizations.

The specific and practical background for this dissertation comes from my own experience with mergers and acquisitions. Over many years I have had the opportunity to be part of an acquired corporation, an organization that brought together Lay people and Religious, and the merger of a small wealth management firm. I also participated in non-profit organizations seeking to combine resources with others “like” themselves. In each of these experiences bringing the organizations together made economic sense. The challenge was how to “manage” the cultural change created from the merger or acquisition.

The primary purpose for merging or acquiring another company is to create efficiency, eliminate redundancy, and improve profitability (Tetenbaum 1999). Historically in this process economics are primary. Layoffs are common and create uneasiness and insecurity for those who remain (Lin & Wei 2006). Dackert, et al (2003: 708) explain that “[t]here is an underlying fear that downsizing, restructuring, and relocating will alter the existing work environment.” Oftentimes, an initially positive attitude to a merger transforms into us versus them (Dackert et al. 2003). The difficulties that arise from cultural changes that occur during this transformative period can overshadow the synergistic benefits of merging (Bligh 2006).

The concept of a merger of equals has been rare even where combining organizations brought equal economic value (Biegum 2000). In most cases the culture that emerges in the new organization results from survival of the fittest (Zaheer, Shomaker & Genc 2003). Both organizational cultures should be considered

in creating the ideal in a merger. However, one culture often eventually assimilates into the other leaving behind most of the rich history and traditions that were once vibrant and alive.

### **Significance of the Issue**

For all the hype, corporate culture is real and powerful. It's also hard to change, and you won't find much support for doing so inside or outside your company. If you run up against the culture when trying to redirect strategy, attempt to dodge; if you must meddle with culture directly, tread carefully and with modest expectations (Davis 1984: 2).

This research is significant because it may lead to new understandings of organizational change, especially beyond mergers and acquisitions which have traditionally tended to be problematic. Critical hermeneutic theory will guide the analysis of the cultural change or exchange that may occur when organizations bring two groups of people together.

Mergers and acquisitions are traumatic events that reduce trust, satisfaction, and productivity of the members of an organization. In light of the literature pointing to mergers creating a propensity to want to stay with what is known, this research may shed light on more appropriate ways to both initiate and carry out mergers and acquisitions.

### **Summary**

Telling the story of who one is offers the opportunity for reflection, shared understanding, and reinterpretation that may imbue new ways to transition toward mergers and acquisitions. The ultimate goal of this study is to explore how the application of critical hermeneutic theory may enhance authentic transformations in

mergers and acquisitions. This Chapter introduced the topic at hand and Chapter Two offers a Review of Literature to more fully contextualize this research.

## **CHAPTER TWO: REVIEW OF LITERATURE**

### **Introduction**

The review of literature provides the reader a general overview of the research conducted within the field of organizational development and more specifically, research related to changes organizations experience during mergers and acquisitions, including: The Roots of Organizational Development; Culture and Psychological Views; Organizational and Corporate Culture; Cultural Rites and Rituals; Mergers, Acquisitions and Organizational Culture; The Aftermath of Mergers and Acquisitions; Mergers and Corporate Health and; Organizational Culture and Change. Through understanding the historical foundations for organizational development (organizational past) new interpretations may emerge about how organizations are developed and cultivated today (organizational present).

### **The Roots of Organizational Development**

As mentioned in Chapter I of this dissertation, organizational theory goes back as far as 1491 BC to the time of Moses (Shafritz et al. 2005). Marvin Weisbord (1987) suggests that Organizational Management, and later Organizational Development as we know it, came of age after the Civil War. According to Tsoukas & Knudsen (2003: 144) “[p]eople proposed very few generalizations about organizations before 1850, when a trickle of such propositions began.” The disparity in income between the owners of factories and the farmers and immigrants who came to the cities to work, paved the way for unions. Weisbord (1987: 31) explains, “[s]mall factories became large plants. Local trades—glass, steel, textiles, shoes—



became national industries.” During the 19<sup>th</sup> century (Tsoukas and Knudsen 2003) point out that a mechanistic frame of thinking guided organizational change.

According to Weisbord (1987: 27), “[t]he American Society of Mechanical Engineers (ASME), founded in 1880 at Stevens Institute, worked out the first factory incentive wage schemes long before there were business schools or personnel staffs.” The ASME worked to standardize the technical aspects of organizations and simultaneously their movement began to include management of companies as well (Touskas & Knudsen 2003). Prior to this time there had been no precedent on how to manage a large number of workers efficiently and safely.

Frederick Taylor and Henri Fayol are credited with the study of organizational structure (Tsoukas & Knudsen 2003). Frederick Taylor, an ex-machinist turned engineer was considered one of the first organizational consultants; he is remembered for his work in creating a more productive workplace (Weisbord 1987). Henri Fayol had been a business executive who focused on reorganizing government agencies (Tsoukas & Knudsen 2003). Weisbord (1987: 27) suggests that “a study of Taylor reveals the tension between the social and technological aspects of work.” Douglas McGregor later expands upon this with his Theory X and Theory Y. Taylor improved production by setting quotas based on time study, paying people for what they produce. His consulting career evolved after a failed attempt at managing a company (Weisbord 1987). Taylor’s core methodology involved using cost accounting along with tools and procedures from his earlier time motion studies. Weisbord (1987: 37) explains,

since Taylor, consultation has expanded to include every imaginable aspect of economics, technology, and people—from short interval scheduling to cosmic cultural transformation. Consultants will advise on everything from what to wear to what to say, to acquiring new technology, getting into markets, going international, or making over corporate cultures. Yet the dilemmas of implementation—building understanding and commitment to act—have not changed at all.

Gareth Morgan (2006: 23) uses the metaphor of organizations as machines to best describe Taylor's theory. He suggests that Taylor advocated five principles,

[s]hift all responsibility for the organization of work from workers to managers, use scientific methods to determine the most efficient way of doing work, select the best person to perform the job thus designed, train the worker to do the work efficiently and monitor worker performance to ensure that appropriate work procedures are followed and appropriate results are achieved.

Taylor's theoretical principles influenced factory workers and had a major influence on the office environment (Taylor 1911). Many organizations continue to apply Taylor's principles today. Morgan (2006: 24) states "[t]he effect of Taylor's scientific management on the workplace has been enormous, increasing productivity many-fold while accelerating the replacement of skilled craftspeople with unskilled workers." He further explains

the trend has been so pervasive that it is often described as 'McDonaldization': to capture how the organizational principles underlying the design of the McDonalds chain of fast food restaurants, with its emphasis on ruthless efficiency, quantification, predictability, control and deskilled jobs (often described as 'McJobs'), is providing an icon for organization throughout society. The principles advocated by Taylor and perfected by McDonalds have found their way into the organization of hospitals, factories, retail outlets, schools, universities and other institutions that seek to rationalize their operations.

Taylor's work focused on eliminating authoritarianism and reducing conflict using scientific management. "What is resisted and criticized," wrote Peter Drucker (1954),

“is a misapplication of work analysis rather than work analysis itself.... The fact remains that scientific management or industrial engineering has been content to stay where Taylor stopped” (Weisbord 1987: 66). He set the stage for others, like Kurt Lewin, to follow and expand on his work using an additional component— participation by the research subjects (Weisbord 1987).

Kurt Lewin attended the Frankfurt School and was considered a "practical theorist" (Weisbord 1987). Unlike Taylor, who saw work groups as something to be controlled, Lewin sought to design a method that would encourage cooperative social problem solving (Weisbord 1987: 70). Lewin’s work brought together scientific thinking and democratic values, giving birth to participative management (Weisbord 1987: 72). He believed that in order to understand a system you needed to change it. Through Lewin’s work the idea that organizations need to find a problem and build commitment for action formed the philosophical basis for participative work design and reorganization (Weisbord 1987: 72). Lewin’s participative management began in World War II through collaboration with anthropologist Margaret Mead in an effort to determine how to reduce consumption of rationed foods. Weisbord (1987: 88) states “Lewin’s method was simple. He would identify the ‘gatekeepers’ who control a situation and then reduce the resisting forces by involving them in studying and planning the change.” Lewin believed that people who participate in solving problems are more likely to change their own behavior and carry out decisions that they help make (Weisbord 1987).

Although Lewin did not live to see it, the founding of the world famous adult education organization, National Training Laboratories (NTL) is attributed to him

(Weisbord 1987). The program at NTL provides sensitivity training and experienced-based learning. NTL's T-Groups, in the 1960's, were intimate, supportive, and experimented with the concept of openness (Weisbord 1987). According to Weisbord, (1987: 103) "...even though the experience was positive the people found they had little leverage on company goals, tasks, policies and procedures." Lewin's work "helped shift the focus of industrial management from mechanistic engineering approaches to social-psychological concepts" (Weisbord, 1987: 71). Although Lewin is not often acknowledged for his contributions to modern management, Weisbord (1987: 71) comments, "... Lewin's stamp is everywhere in contemporary management: running meetings, work design, training, team development, systems change, cultural change, leadership styles and participative methods."

Classical organizational theorists like Weber, Taylor, and Fayol viewed the design of organizations as a technical problem (Morgan 2006). Morgan (2006: 35) states, "[a]lthough this esprit de corps was viewed as a valuable aid to management, management was viewed primarily as a process of controlling and directing employees in their work." Many reformers emerging after World War II were searching for an integrated approach to best practices.

Mayo, Maslow, and McGregor brought forth and expanded upon the idea of integrating the needs of individuals and the needs of organizations (Morgan: 2006). McGregor applied psychological knowledge to Frederick Taylor's work by speculating how labor and management could achieve cooperation and "superefficient production" (Weisbord 1987: 117). Knickerbocker & McGregor (1942: 53) wrote, "[i]t is not the fact of change but the method of bringing it about

which is important if we are going to achieve a greater degree of cooperation between management and labor.” Douglas McGregor brought more to the field of organizational development than simply Theory X and Theory Y; as an early visionary of what would become the quality of working life (QWL) movement (Weisbord 1987: 106). Weisbord (2004: 117) states

Edgar Schein (1967) in *The Professional Manager* explains [t]he essence of [McGregor’s] message is that people react not to an objective world, but to a world fashioned out of their own perceptions, assumptions and theories about what the world is like.... McGregor wished passionately to release all of us from this trap, by getting us to be aware of how each of our worlds is of our own making. Once we become aware we can choose—and it was the process of free choice that we believe was Doug’s ultimate value.

Based on the work of McGregor and others who came before him, the genesis of sociotechnical systems (STS) designs was developed through the work of Eric Trist and Fred Emery (Weisbord 1987). The term sociotechnical is a phrase coined by Trist to reflect that the interaction of people (a social system) with tools and techniques (a technological system) results from choice and not chance (Weisbord 1987: 143). What made Trist unique was how he selected different organizational choices and showed them in social, technical, and environmental terms, as well as the consequences of each. Weisbord (1987: 144) states, “Emery occasionally collaborated with Trist and his ability to synthesize obscure sources, research theories, and practical experience into new concepts and methods have made him a leading social innovator of this or any era.” Trist was a founder of the Tavistock Institute of Human Relations in London. As an admirer of Lewin’s work and, “like Lewin in the United States, Tavistock’s founders sharpened their ideas through wartime action projects” (Weisbord 1987: 146).

At the Tavistock Institute, a form of education was developed. Weisbord (1987: 148) comments, “[t]he ‘Tavi’ groups emphasized structure, boundaries and collective behavior when presented with responsibility for self-learning by an impressive authority, the trainer.” In contrast to NTL’s T-groups, the trainers at the Tavistock Institute had no interaction with group members and people projected their feelings about everyone from parents to bosses onto that person (Weisbord 1987).

Weisbord (1987: 149) comments:

[y]ou can see obvious analogies between these learning groups and the workplace. Feelings about authority indiscriminately control our behavior in many situations when we least realize it. Work group conflicts, passivity, demoralization, withdrawal are traceable to group feelings about authority. Keeping people working together instead of fighting or fleeing, seeking to reduce dependency on expert authority and bosses, pushing people to join each other in tasks of mutual importance—these are major consultant contributions to clients buffeted by high-anxiety change.

Trist and Emery conducted studies in various coal mines between 1949 and 1958.

What they later referred to as a “paradigm shift,” was a new view of workplace reality (Weisbord 1987: 152). The new systems were based on Taylor’s theoretical framework. Trist wrote, “Appropriate structural settings have to be created before desirable social climates and positive interpersonal relations can develop” (Weisbord 1987: 154). Unlike Taylor’s system, which relied on many people each doing a specific task, the new principle became one person able to do many tasks (Weisbord 1987: 155). Weisbord (1987: 156) explains:

[f]ifty years after Taylor the world had changed, markets shifted, technology evolved, workers were better educated and management information had improved. The descendants of Taylor had barely passed “Go.” Discretion was put back into jobs to restore the balance between technology and people that Taylor had sought to improve by removing discretion in the first place.

Today, as with anthropologists studying the cultures of different tribes, Edgar Schein (2004) sees the artifacts of an organization as one level of organizational culture. He uses the example of pyramids—built by the Mayans and the Egyptians. Both are visible, however, meaning in each culture is not the same (Schein 2004).

### **Cultural and Psychological Views**

Cultural anthropology, as it applies to organizations, is rooted in the twentieth century when Elton Mayo conducted the Hawthorne Studies that looked at manipulating variables, including lighting, incentive pay, and rest breaks to arrive at certain conclusions about how workers behaved (Bailey 2009). Before this time cultural anthropologists explored how humans organize.

Ruth Benedict (1934) writes about three tribes of Indians with different cultures where cultural behavior was a driver in furthering institutional goals. Benedict (1934: 223) states that various groups of similar people differ because they are oriented “as wholes in different directions.” Clifford Geertz (1973) suggests that human nature cannot be separated from culture. He believes there are numerous cultural patterns in all societies that may recur from society to society and relationship to relationship (Geertz 1973: 363). According to Geertz (1973: 362), “[b]oth the organization of social activity, its institutional forms, and the systems of ideas which animate it must be understood, as must the nature of the relations obtaining between them.” Geertz (1973: 363) further explains that “...man makes sense of the events through which he lives. The study of culture is the study of the machinery individuals employ to orient themselves to a world otherwise opaque.”

Geertz (1973) writes about the relationships between predecessors, successors, contemporaries, and consociates. Like the people who make up an organization, consociates are “involved in one another’s biography” (Geertz 1973: 365). Contemporaries share a common time, but not a common space, and are linked through cultural assumptions about one another. They must become consociates in order to have any sort of integration (Geertz 1973: 365). Benedict (1934) discusses cultural change and integration from a broad perspective within the framework of civilization in general. Benedict (1934: 36) states, “[c]hanges may be very disquieting and involve great losses but this is due to the difficulty of change itself... it is not due to the fact that our age and country has hit upon the one possible motivation under which human life can be conducted.”

Clyde Kluckhohn (1949) writes, “you can never start with a clean slate so far as human beings are concerned. Every person is born into a world defined by already existing culture patterns.” Kluckhohn uses the example of the ability of a baby to adapt to a new culture after being taken from his or her culture of origin (Kluckhohn 1949). Cultural adaption may also apply when someone moves from one organization to another. Kluckhohn (1949) discusses culture as an abstraction and suggests it is not the same as a “society.” Kluckhohn (1949: 24) states “...culture refers to the distinctive ways of life of a group of people. He adds (1949: 19), “it is a storehouse of the pooled learning of the group—that part of the environment that is the creation of man.” Humans make culture possible “through the ability to learn, to communicate by a system of learned symbols, and to transmit learned behavior from generation to generation and from society to society” (Kluckhohn 1949: 203).



Culture is formed through structure and interdependence, however, no culture can be a completely integrated system. (Kluckhohn 1949). One culture may share the view that life is a “series of purposive sequences” while another believes it is a “complex of experiences” (Kluckhohn 1949: 36) Through Kluckhohn’s work, we find that cultural change is viewed as inherently difficult. Kluckhohn (1949: 227) explains, “[i]t is true that among all peoples habit and custom die hard” (Kluckhohn 1949: 227). With no concept of what the future holds, people stand in the way of their own development.

Benedict discusses the idea that there are physical characteristics and technological techniques that are unique to a community (Benedict 1934). In studying cultures there may be a tendency to generalize about a group of individuals and omit important facts that could enhance integration with another group of people (Benedict 1934). Benedict (1934: 37) suggests that “[t]he possibilities are endless and the adjustments are often bizarre. The nature of the trait will be quite different in the different areas according to the elements with which it has combined.” According to Benedict (1934: 228) it is possible to successfully bring two antagonistic social orders into harmony and that “integration may take place in the face of fundamental conflicts.” The concept of modern day mergers and acquisitions and organizational culture, as we understand it today, was likely foreign to Ruth Benedict. In order to more fully understand organizational culture it is discussed, below, in context.

### **Organizational and Corporate Culture**

According to Schein (2004: 7), the term *culture* “has been used by some organizational researchers and managers to refer to the climate and practices that

organizations develop around their handling of people, or to the espoused values of an organization.” Once a group has culture, it will pass elements of this culture on to new generations of group members (Schein 2004). Cameron, Kim & Robert Quinn (2006: 147) suggest that “[u]sing the term *organizational culture* helps differentiate the culture of the overall organization from the values, preferences, and inclinations of individuals (personal culture) and from the language norms and philosophies of a nation or civilization (societal culture).” Hampden-Turner (1990: 1) suggests:

[t]he culture of an organization defines appropriate behavior, bonds and motivates individuals, and asserts solutions where there is ambiguity; culture governs the way a company processes information; a corporate culture can be described and mapped using different categories and classification systems—but all cultures are, in fact, responses to corporate dilemmas.”

While similar in nature, there are many definitions of organizational culture. Andre Laurent of Insead says that “an organization’s culture reflects assumptions about clients, employees, mission, product, activities and assumptions that have worked well in the past and which get translated into norms of behavior” (Hampden-Turner 1990: 12). Hampden-Turner (1990: 12) describes Edgar Schein’s definition of corporate culture as,

[a] pattern of basic assumptions invented, discovered or developed by a given group as it learns to cope with its problems of external adaptation and internal integration that has worked well enough to be considered valid, and to be taught to new members as the correct way to perceive, think, and feel in relationship to these problems.

Hampden-Turner (1990: 2) discusses shared characteristics of corporate culture, when he reasons that “culture lies within the potential of an organization’s individual members.” He further believes that culture is used to “reinforce ideas, feelings and information consistent with the organization’s beliefs. The culture discourages or

even represses sentiments and information that are inconsistent” (Hampden-Turner 1990: 2). Hampden-Turner (1990: 4) further states that

cultures embody the needs and aspirations of a groups’ members. A culture proves that no group, corporation, tribe or nation can start from nothing—their members need to be imbued with beliefs and assertions. The assertions that create a culture typically take form before that culture creates wealth or value for its customers. Just as a ship needs to move forward to keep its balance and buffer itself against turbulence a corporate culture is a balancing act between continuity and change.

Edgar Schein (2004) believes that behavior does not define culture. Moving forward to today, Schein takes his place among other influential organizational thinkers like Peter Senge and Gareth Morgan. Schein, in particular, incorporates the idea that cultures exist within organizations.

The inherent cultural problems associated with mergers and acquisitions are rooted in the idea that organizations operate from a different set of values and may not follow the same theoretical thinking (Cameron & Quinn 2006: 37). This is evident in the different definitions described in this section. Culture as defined in this section may easily be disturbed during a merger or acquisition. As such, it is important to understand how mergers and acquisitions may influence organizations.

### **Cultural Rites and Rituals**

Every business and organization has a culture. It can be weak or strong but either way it has significant influence and affects everything from how decisions are made to what people wear (Deal, Terrence & Allan Kennedy 2000). Deal and Kennedy (2000) , believe that American business, in particular, needs to remember that people make businesses work. One of the major contributors to organizational culture are corporate rituals. In mergers and acquisitions, ritualistic behavior can

present barriers that stand in the way of the integration of two cultures (Deal & Kennedy 2000). According to Deal and Kennedy (2000: 83), “[r]ituals that work well in one culture may fail in another because business environments are different.” When the new CEO of a company realigns the organization cultural barriers may be overlooked. Old rituals are often firmly rooted in the organization and management underestimates the time it takes to achieve real and lasting change (Deal & Kennedy 2000).

### **Mergers, Acquisitions and Organizational Culture**

According to Rob Goffee and Gareth Jones (1998), there are two camps when it comes to cultural change in organizations. One group believes that it cannot be done and that human nature cannot be changed. The other thinks that human behavior can be changed by someone who has the right tools (Goffee & Jones 1998).

Mergers in the United States began to accelerate in the mid-1970's. Between 1975 and 1987 mergers of companies worth over \$1 million totaled well over 93,000 (Buono & Bowditch 1989: 4). Buono and Bowditch (1989: 4) state that “...mergers and acquisitions can have a profound impact on organizational members and their families ... people often feel stressed, disoriented, frustrated confused and even frightened or suicidal.” When a merger or acquisition is announced, normal business activities are affected. On the surface, mergers and acquisitions may appear to be carefully planned and, initially, they probably were.

Buono and Bowditch (1989: 19) state that “[a]cquisitions are often described as having a life of their own.” Systems and processes become fragmented and managers begin to develop “merger myopia” (Buono & Bowditch 1989). This

creates an environment where “either or” decisions are made, without consideration for or participation from those whose lives are being influenced (Buono & Bowditch 1989: 20). Beyond the uncertainty and tension that accompanies a merger or acquisition, there are often large scale staff reductions that leave those left behind feeling vulnerable. Not only have they lost their peers, they are thrown into a new organization full of strangers. Buono and Bowditch (1989: 6) state that “[o]rganizational restructuring can traumatize and alienate people at all organizational levels.” One approach suggests that not everyone in the organization should be involved in bringing about change within the new entity. Instead, it is thought that an organization should have transition teams that take the results from organizational surveys and work to create the combined company (Buono & Bowditch 1989: 6). This may work for systems integration; however, the effectiveness of this methodology on people and company culture is questionable (Buono & Bowditch 1989).

Looking at organizations from a cultural perspective has become a major part of the paradigm in Mergers and Acquisitions (M&A). Angwin and Vaara (2005: 1447) explain, “[t]his is no wonder given the power of this perspective to explain why it is often so difficult to connect organizations with different and conflicting values, beliefs and practices.” However, since the term “culture” holds many definitions and has become an all encompassing term; refers to beliefs, norms and values, as well as practices rules and routines. (Angwin & Vaara 2005: 1447). Angwin and Vaara (2005: 1447) suggest “organizational studies research has been hampered by the characteristics of ‘cut and paste’ organizations created by a series of mergers and

acquisitions.” The literature brings to light the idea that perhaps it is time to dig deeper into cultural problematic in order to really understand where connectivity is lost in a merger (Angwin & Vaara 2005: 1447).

Ashkenas, DeMonaco, and Francis (1998), looking at acquisition integration, found that for most companies an acquisition or merger is a one-time unique event not an ongoing process. Rather, it is “something to get finished, so everyone can get back to business” (Ashkenas et al. 1998: 166). Ashkenas et al. (1998:166) explain “[t]he tendency to see integration as a unique event in an organization’s life is magnified by the fact that acquisitions often are painful and anxiety-producing experiences. Most managers are only thinking about how to get them over with not how to do them better.” There are a number of challenges for businesses looking to consolidate and even with those challenges, the number of mergers and acquisitions continues to grow (e.g., 27% from 1995 to 1996) (Ashkenas et al. 1998). Ashkenas et al. (1998: 166) state, “...acquisitions that appear both financially and strategically sound on paper often turn out to be disappointing for many companies: the acquiring company takes too many years to realize the expected synergies or is unable to get people to work together.” GE Capital Services, a subsidiary of General Electric (GE), has grown through a number of mergers and acquisitions and is now a major financial service conglomerate (Ashkenas et al 1998: 166). As a result of their extensive experience they created an acquisition-integration “best practice.” The end result is assimilation implemented through four quadrants of specific procedures (Ashkenas et al. 1998: 166).

Ashkenas et al. (1998: 167) show that GE's process allows for ongoing integration of systems and procedures. However, there is a very little focus on the human element and organizational culture. The ability for people in organizations to integrate and adapt to change following a merger or acquisition continues to be challenging. In his book, *Charging Back Up the Hill* (2003), Mitchell Marks explains changes brought about through mergers and acquisitions are not one time events—instead they are ongoing occurrences.

### **The Aftermath of Mergers and Acquisitions**

Mitchell Marks offers the most thorough research, to date, on the aftermath of mergers and acquisitions. This section will be devoted to reviewing his in-depth work on this topic. Marks' view is that for all we have learned, most mergers and acquisitions are still mismanaged. He states, “[s]tudies repeatedly show that 75 percent of mergers and acquisitions fail to achieve their intended financial and strategic objectives and the transitions have a negative—not merely neutral—effect on the employees who remain after the dust has settled (Marks 2003: 6).” For some companies, mergers and acquisitions are the key to economic survival. Marks (2003) references the acquisition of a dot com company by a European media conglomerate. In this case an employee named Dan was interviewed. Throughout 2002 there was rumor of a restructure or merger and as Dan (Marks 2005: 5) explains:

[t]he company is telling us nothing. People are learning what they know from industry magazines and everyone is paralyzed. There is tremendous anger at the Europeans and at our local leadership. There is no loyalty here; no one is going to go the extra mile after this. Two years ago, we worked sixty-five hour weeks. People were willing to do it because it was a great place to work and we were doing something that mattered.

All too often companies that fall upon hard economic times make crucial mistakes in seeking to retain solvency through merging. In an attempt to make things right for investors, organizations tend to fall into a trap of communicating externally rather than internally. Marks (2003: 5) states, “[w]hen executives search for creative solutions to company business problems, they decline to discuss options with workers. Instead they lower their profile with their own employees as they grope for the right strategy.” Beyond the failure to communicate, the loss of jobs is the number one worry, following a merger or acquisition.

Marks (2003: 7) further comments, “[e]xecutives and other employees have memories of the trauma experienced when firms merge or are acquired—cultures clash and co-workers who seem like decent contributors are let go.” There is no merger or acquisition that is seamless and oftentimes they seem to run counter to teamwork and planning. Many mergers are done for cost-cutting reasons and the entire process is mismanaged by leadership leaving the remaining troops dazed from the stress, uncertainty, and chaos of living through the transition. Marks (2003: 20) suggests “[m]ergers and acquisitions require coordination and cooperation across combining partners.” Unfortunately, the individuals involved tend to take a political stance in hopes of controlling their own circumstance.

There is no vision for the greater good but rather the desire to hold on tight to the behavior and attitudes that got them where they are. Marks (2003: 20) suggests, “[t]hey go with what and who they know rather than reach out to the partner in an effort to realize efficiencies or enhanced ways of doing things.” Marks (2003: 21) states:



[g]oing into a merger, CEOs are sure that there will be no culture clash, however, research conducted at the London Business School reveals that with 20/20 hindsight, CEOs report that culture clash is the biggest hindrance to achieving the financial and strategic objectives of a merger or acquisition.

Transitions that involve displacing employees can be devastating. Organizations tend to want to “get it over with quickly and quietly” with little or no discussion with the survivors (Marks 2003).

Downsizing in mergers and acquisitions is common practice and should be expected. However, the loss of self-esteem and sense of fairness lingers long after the cuts are made. According to Marks (2003: 34), there are unintended psychological consequences resulting from mergers and acquisitions including, loss of confidence in management, cynicism and distrust, decreased morale, reduced loyalty, a dismal outlook, loss of control, and a changing psychological work contract. Marks (2003: 38) explains, “there are also behavioral reactions to organizational transition that may include working harder not smarter, a lack of direction, risk avoidance, political behavior, role ambiguity, or withdrawal.” Marks (2003: 41) further suggests that “stress is a necessary and life-sustaining function and it performs a similar function in modern organizations as it did in cavemen times.” Unlike the caveman, employees do not have decision making power when involved in organizational transition.

Marks (2003) explains that while it may be difficult, there is a way to recover from mismanaged mergers and acquisitions. Leadership development systems have created managers from an old mold and those things that represented managerial success in the past, may not work in the new order. Leaders will need new

competencies and capabilities to lead people through the inevitable change that comes with a merger or acquisition. Marks (2003: 240) explains

rebuilding effectiveness after a transition requires that barriers to performance be identified and eliminated—just as barriers to adaptation needed to be diagnosed and dealt with. An organizational development professional helps a work team assess, analyze, prioritize and confront the truly important issues.

Marks recognizes need for education on transitions and the ability for people to let go of the old, before accepting the new. Understanding that it takes time for people to adapt to a new organizational environment is paramount. Statements of vision alone do not provide the necessary motivation to help people through transitions.

Marks (2003: 243) comments, “[a] vision needs to come alive, to be a living vision, animated and integrated into the work actions of the people.” Executives who are successful in leading their people through transition do not assume that they know what everyone is thinking. Creating an environment where people can express what they are feeling and regularly monitoring and tracking employee viewpoints is important. According to Marks (2003: 262), “band aids will not heal the deep wounds experienced by people during transition.” Organizing work around the new order and encouraging all members of the organization to search for high-quality answers and focus on the work will be important to the transition. Marks (2003: 275) states, “mergers, acquisitions and downsizings are here to stay. However, they have eroded the psychological bond between employer and employee diminishing loyalty and the motivation to act.” The elements of recovery following a merger or acquisition consist of empathy, engagement, energy and enforcement, and success. Marks (2003: 275) explains, “today’s organizational battlefield depends on

developing a ready-to-act core of committed troops.” Moreover, how we approach cultural change in organizations may allow for healthier transitions.

### **Mergers & Corporate Health**

Cultural integration is a perplexing topic and there does not appear to be consensus around best practices (Fubini, David, Colin Price & Maurizio Zollo 2007). Fubini et al. (2007: 10) suggest that “[t]here are two common myths about cultural integration that inhibit clear thinking about the challenge.” One of these myths assumes that cultural integration will occur organically and the result will be survival of the fittest (and the best). Fubini et al. (2007: 10) explain that an unintended consequence of allowing organic integration may be that the less desirable culture prevails. The second myth is that the newly identified leadership team can immediately put their desired cultural changes in place across the two merging companies. Fubini et al. (2007:10) further state, “[c]orporate culture emerges over time from a full set of actors in a company. It cannot simply be programmed by a corporate center.”

The cultural challenges being faced during mergers are giving managers a greater awareness of their significance. Fubini et al. (2007: 10) state “[a]lmost every manager affirms the pivotal importance of culture in mergers but the agreement ends there.” Academically, the topic of culture in mergers has revealed indefinite and conflicting findings (Fubini et al. 2007). Mergers and acquisitions are generally driven by compatible technology, synergistic business goals and financial strategies (Schein 2009). However, one thing is certain and that is culture is not a technical problem like business processes and systems. A clear focus on cultural integration at

the beginning of a merger is critical (Fubini et al. 2007). In reality business and human processes may be very different and a cultural mismatch is as great a risk as a mismatch in other areas of the merging companies (Schein, 2009). Fubini et al. (2007: 62) suggests that “the cultural challenges of a merger can be met using a performance contract using value creation objectives that led to the merger in the first place.” Understanding the cultural challenges in a merger and addressing them early on creates a healthy environment for integration and change (Fubini et al. 2007).

### **Organizational Culture and Change**

The topic of organizational culture and change contains a massive body of literature. Change initiatives can occur through structural change, cost cutting, process change and cultural change (Beer 2003). Cultural changes may be the result of internal restructuring or the consequence of a merger or acquisition (Beer 2003).

Organizational culture is not something that one can see and yet it holds incredible power in an organization. Wines & Hamilton (2008: 434) speak of one mid-level manager at a university who said, “If you want to change the culture around here [her university], you have to change the people.” Stanley Davis (1984) suggests that there is a link between corporate culture and strategy. Davis (1984: 2) states, “[w]e are operating in a post-industrial, service-based, economy but our companies are managed by models developed in, by and for industrial corporations.” Cameron and Quinn (2006: 101) offer that “changing culture is difficult and takes a long-term effort,” which may explain why, even though recognized as crucial to the success of an organization, culture does not get the same attention as of other areas that are more tangible in nature.

Over the years researchers and authors have minimized or skipped over how change affects culture. Kotter and Heskett (1992: 83) state:

[c]ulture has been trivialized because so many have written about ‘managing culture’, ‘managing myths’, or ‘creating meaning’ without serious attention to just how difficult it is to manage these social processes and that major cultural changes only succeed if there is competent leadership at the top.

Great power is required to initiate change and it cannot occur from the bottom up (Kotter & Heskett 1992: 92).

Kilman, Saxton, and Serpa (1985: 21) discuss the concept that “organizations are integrated by basic assumptions about broad human issues.” Within organizations basic human nature, activity and relationships live (Kilman et al. 1985). These areas are considered to be assumptions that do not transition into organizational culture until the participants have sufficient history together (Kilman, et al. 1985: 21). Human beings have a need for consistency and if the group within an organization is together long enough they will form a culture that helps maintain order. Culture is a pattern of underlying assumptions or a pattern that is implicit, taken for granted and unconscious in human beings, unless it is brought forward through a process of inquiry (Kilman et al. 1985: 23).

When a merger or acquisition occurs consistency is shattered for people in both organizations. One idea on how each culture might maintain their former identity is called cultural blending or a “merger of equals” (Dackert et al. 2003). This concept suggests that each merger partner is integrated into one, retaining the best parts of its former culture (Buono & Bowditch 1989: 145).

## **Summary**

This review of literature contains an introduction to ideas of mergers and acquisitions and the beginning of examining the role that culture plays in these prophecies. Change in organizations resulting from mergers, acquisitions and cultural renewal projects continues to grow at a rapid pace (Kotter 1996). Oftentimes cultural change adversely influences the individuals who make up the organization. Many writers have attempted to define culture and the role that it plays in organizational change. The literature reviewed provides the reader with assumptions more related to the concept of organizations rather than focused on identity and imagination. This review sets the stage for carrying out research within the interpretive tradition.

Part Three of this dissertation, Research Theory and Protocol, offers critical hermeneutic theory in the context of narrative identity and mimesis. By taking an ontological approach we may reach new understanding in organizational culture and the changes brought on through mergers and acquisitions.

## **CHAPTER THREE: RESEARCH PROTOCOL**

### **Introduction**

In the following section, I introduce the Theoretical Framework of this research and describe critical hermeneutic participatory inquiry as it relates to narrative identity and mimesis. According to Herda (1999: 87), “[t]he researcher’s orientation toward the research event as a whole gives opportunity for one to become a different person than before the research takes place.” This chapter then continues in providing information on the practical aspects of this study including, Research Protocol, Research Sites, the Research Pilot Project and the Background of the Researcher. It also includes descriptions of my conversation partners, along with an explanation of the data collection and analysis process.

### **Theoretical Framework: Critical Hermeneutic Theory**

The theoretical framework that was used for my research is field-based critical hermeneutics. We seek to collaboratively create a text that allows us to carry out the integrative act of reading, interpreting and critiquing our understanding. According to Herda (1999: 86), “[t]his act is grounding for our actions and the medium of this collaborative act is language”... [The recorded text and social actions] allow us to recognize, challenge and evaluate our words of action as well as to envision new, possible worlds. Objectivity comes when we distance ourselves from the text. In addition to the recorded text I have included photos of my conversation partners. Analysis came through participation with my conversation partners in reflection and imagination. This inquiry took place through two directive categories: narrative identity and mimesis.

Within critical hermeneutic theory exists an opportunity for corporations and other organizations to find new understanding through stories, history, refiguration, and imagination. The dialectic between *idem* and *ipse* (sameness and selfhood) in an organization is expressed through the narrative identities of individuals (Ricoeur 1996: 165). Organizational culture is rooted in the history of its founders; however, the present and imagined future will be influenced by all of the people who currently reside within that organization.

In the Fifth Study of Oneself as Another, Ricoeur (1992) speaks about *idem* and *ipse*. *Idem*-identity is sameness, the “concept of relation and a relation of relations” and constitutes that which does not change; a permanence in time. Corporations and other organizations are born out of the vision of one or more individuals. In the founding of the organization there lies a sameness that will become part of the future of any inheritors of the organization. Ricoeur (1992: 128) states, “Hume suggests that the unity of personality can be assimilated to that of a republic or commonwealth whose members unceasingly change but whose ties of association remain.” Throughout the life of the organization, individuals carry the traces left by their predecessors. On one side they are anchored by the sameness of the past and on the other they are greeted by the possibility of change or the *ipse*—the other.

### **Narrative Identity**

The dialectic between sameness and selfhood comes through narrative identity. Ricoeur (1996: 165) states, “...narrative is uniquely qualified to express the ongoing dialectic of selfhood and sameness.” In organizations this dialectic becomes



increasingly complex during a merger or acquisition because each side brings its own idem. The challenge becomes how to use the narrative to reconfigure ipse in a new light. Corporations and other organizations are offshoots of the relationships that built them. In developing organizational strategies to address cultural change we seek to interpret each others' narrative identity. Here we can reflect on the fact that, according to Herda (1999: 61), "[w]e are in relationship with each other even before we make academic, personal, professional social or civic overtures to establish relationships."

As mentioned earlier in this section, organizations begin with founders who influence the culture of their entities by bringing their history into the present. Later, as organizations grow beyond one or two people, traces of the histories of many individuals begin to collide. Here we can start to understand how the "ideal of a succession of generations finds its sociological projection in the anonymous relationship between contemporaries, predecessors, and successors..." (Ricoeur 1988: 109). A founder is influenced by his or her predecessors and brings a trace of his or her own history into the organization. As each new individual enters the organization there may be an effort, on the part of the successors, to keep the founders' historical culture alive through reenactment. In a sense, newcomers may be expected to act as historians, attempting to reenact history based on the documentation and policies provided by the founders. Ricoeur (1988: 145) states, "[r]eenactment is numerically identical with the initial thought." Ricoeur's statement offers that successors in an organization interpret their founder's archived vision exactly as he or she intends it; as a "debt of recognition" (Ricoeur 1988: 143).

The problem in looking at organizational history from the vantage point of replicating the past is that it ignores the multiplicity of time and leaves no room for growth and change. Integrating the same and the other as it relates to the present, and ultimately the future, is especially useful. This is particularly true in organizations where the text is a living narrative between individuals, rather than solely contained in archived documents created by founders who are no longer involved. The shared story has the opportunity to become a narrative that opens up deeper stories and allows for the collision of time to bring forth a new understanding (Ricoeur 1984). Thoughts and ideas, like organizations, are fluid and it is essential that in order to move ahead, the past be interpreted and refigured. Within the interpretation, certain traditions may be deemed valuable and stay constant (idem). Through the tension that arises from the narrative identity some traces dissolve which allows ipse to be revealed.

If a founder is an active participant in a merging organization they may narrate their story frequently, refiguring the past and incorporating it into the present past. The question about historical knowledge “standing for” the “real” past is born from the simple question: what does the term “real” mean...? (Ricoeur 1988: 142). When founders tell the story of themselves in relation to their organization the basic values do not change. However, the story often does. Like the proverbial fish story, where the fish that was caught grows over time in one’s memory, perhaps the members of an organization can not experience the “real” past since it evolves over time. In some instances there may be an advantage to having living founders in merging organizations. They are able to communicate their cultural beliefs through

language, bringing to the surface the traces that go beyond the written archives.

However, living founders may also slow change when they have difficulty letting go and moving forward. Ricoeur (1991: 101) explains

...distraction is what prevails when we are torn between the fascination with the past in regret, remorse, or nostalgia; the passionate expectation of the future in fear, desire, despair or hope and the frailty of the fleeting present.

In an organization, the ascription of the founders (agents) leads to a pervasive subculture, one that encourages everyone to embrace and respect certain values. This subculture is valid as it incorporates the values of the founders. Ricoeur (1981: 72) states:

[t]hat which has been sanctioned by tradition and custom has an authority that is nameless, and our finite historical being is determined by the fact that always, the authority of what has been transmitted—not only what is clearly grounded—as power (*Gewalt*) over our attitudes and behavior.

There are times where those who walked before may not fully recognize they are not alone and that their organization lives and breathes through all who inhabit it. These temporal beings exude the tension that comes from *idem* and *ipse* in their narrative identities. Beyond the founders lie the others in the organization; without whom no organization exists.

Ricoeur (1988: 148) states, “[a] model based on others is certainly a strong one in that it brings into play not just otherness but also joins the Same to the Other.” Organizations, like individuals, are tied to history. When one becomes part of an organization they become part of the history that created it. They also bring their own history into the fold. The relationships between individuals create a rich text that weaves the tapestry of an organization. Herda (1997: 4) suggests that “[l]iving well is

not limited to interpersonal relationship but extends to the life of institutions. What holds an organization together is a common world, not regulations, not manuals or policies.”

Ricoeur (1988: 147) says, “[i]f the past cannot be thought of in terms of the leading kind of the Same, might it not be better to do so in terms of the Other.” As new people enter an organization they are strangers to the culture, customs, and traditions of the past. We must remain cognizant that organizations are not static. All of the people that come together in a merger or acquisition will co-create the future and a common world; if they are willing to open themselves to the other. As an organization grows and expands, both its internal and external relationships evolve. In narrative, *idem* remains solid and unmovable and *ipse* emerges; both through the influence of predecessors, contemporaries, and successors. *Idem* and *ipse*, guided by narrative identity, continually propel upward through the hermeneutic circle.

When discussing mergers and acquisitions as they relate to critical hermeneutics, we should be aware, as Ricoeur (1992: 147) explains, “...it is the identity of the story that makes the identity of the character.” Or, perhaps put another way, the discourse that reveals the identity of the collective stories makes up the identity of the organization.

### **Mimesis**

The progressive enlargement of the sphere of direct interpersonal relationships to include anonymous relationships affects every temporal relation between past, present and future. In fact, the direct relationship of the I to the Thou and to the We is temporally structured from its very beginning (Ricoeur 1988: 112).

Every organization has its roots in a founder or founders who saw the need to provide a service or product to others. From the original spark, the organization grows and the sphere of influence becomes larger as new people join. While the founders' history strongly influences the organization in the beginning, it is the past, present, and future of the new members that moves the organization forward. The uniqueness originated by the history and expanded upon by all the individuals that inhabit that organization assures that one organization's culture will always differ from others. Therefore, as Ricoeur (1988: 149) says, "[o]therness of the past in relation to the present is more important than the survival of the past in the present." A model for merging organizational cultures can be found within mimesis. In recognizing and understanding each organization we can bring the past into the present and begin to plot the future of a collective story. In merging organizational cultures mimesis may allow true understanding of predecessors, contemporaries, and successors.

### **Mimesis<sub>1</sub>**

Mimesis<sub>1</sub> is the side of three-fold mimesis that resides in present memory. As new people enter an organization they are told stories by those who were there first. These individuals also bring their own stories and history. Ricoeur (1984: 54) states that "...the field of our temporal experience may be, the composition of the plot grounded in a pre-understanding of the world of action." Organizations, to move forward, need to understand of the past. This includes both the organization's past, as in its original purpose, and the pasts of the individuals that make up the current organization. We experience the past from where we stand today. Ricoeur (1984: 60) explains, "[w]hat

counts here is the way in which everyday praxis orders the present of the future, the present of the past and the present of the present in terms of one another.” As the story is told, emplotment takes place connecting the three parts of mimesis (Ricoeur 1984: 53). Within mimesis<sub>1</sub> we experience the symbolic mediations that we might consider the inductors of narrative (Ricoeur 1984: 60). In the first stage of mimesis we see a world already figured and informed by cultural artifacts. Understanding brings forth and addresses the questions: when, what, why, and for or against whom? With our preconceptions in place we find norms for judging behavior with implied success or failure (Herda 1997: 10).

### **Mimesis<sub>2</sub>**

Mimesis<sub>2</sub> gives us present understanding. According to Ricoeur (1984: 53), “[m]imesis<sub>2</sub> constitutes the pivot point.” The intermediary position between mimesis<sub>1</sub> and mimesis<sub>3</sub>, brings to light what was and what can be (Ricoeur 1984). In a merger or acquisition we may reinterpret the past of each former organization in order to imagine a new future together. Ricoeur (1984: 64) states, “[m]imesis<sub>2</sub> opens the kingdom of the *as if*”, or, put another way “the kingdom of fiction.” Here the present-past and the present-future are mediated in emplotment and the intersection between time and narrative occurs (Ricoeur 1984: 53). In mimesis<sub>2</sub> the narrative is configured and mediation takes place between individual events and a story taken as a whole (Ricoeur 1984: 65). There is synthesis of the heterogeneous factors, such as agents (people), goals, means, interactions, circumstances and unexpected results. Ricoeur (1984: 67) states:

[f]inally, the repetition of a story, governed as a whole by its way of ending constitutes an alternative to the representation of time as flowing from the past to the future. The configurational arrangement transforms the succession of events into one meaningful whole... assembling the events together makes the story followable.

The configuration of the the emplotment that occurs in mimesis<sub>2</sub> extracts a new configuration and invokes judgment emerging as a new quality of time (Herda 1997: 11).

### **Mimesis<sub>3</sub>**

In mimesis<sub>3</sub> we stand in the present and imagine the future—a place where we see action refigured. For an organization involved in a merger or acquisition this is where the present past can inform the future and bring into being the discourse that may help to bring understanding to the cultural changes that are inevitable. Ricoeur states (1984: 34), “[w]e can only know the actual by contrasting it with or likening it to the imaginable.” He further explains that “[t]he relation between fiction and history is assuredly more complex than we will ever be able to put into words” (Ricoeur 1984: 34). In three-fold mimesis, this is where the intersection occurs between the world of the text and the world of the reader (Ricoeur 1984: 71).

Mimesis<sub>3</sub> is the act of reading and appropriating with indirect reference back to what is already present and what is being configured. We can see the imaginary world we might inhabit through the intersection of text and reader (Herda 1997). Mimesis<sub>3</sub> offers different ways of acting and being (ethics and ontology) (Herda 1997: 12). The problematic with the concept of mimesis is that it could result in a vicious circle. According to Ricoeur (1984: 72), “...it [mimesis] is an endless spiral that carries the mediation past the same point a number of times, but at different

altitudes.” The mimetic process forms the hermeneutic circle whereby time and narrative never stop being reborn from mimesis (Ricoeur 1984: 76).

### **Summary**

As two organizations come together to form one individuals from each can experience play through the to and fro of conversation. As the narrative unfolds through conversation, problems are addressed, insight and imagination are born, and we can begin to appropriate elements of the other to make them our own.

In a merger or acquisition narrative identity can mediate between idem and ipse. Even when all of the epistemological evidence points toward a merger’s success, the ontological nature of human beings can make or break the future of an organization. Through mimesis we are able mediate between the past of each organization and the new future, together, through understanding, reinterpretation and imagination.

The review of theoretical literature from Ricoeur and Kearney provide a base of framework for this study. The framework will take place in participatory collaboration between the researcher and research participants.

### **Research Protocol**

I followed the critical hermeneutic participatory research inquiry developed by Herda (1999) to conduct this research. This research process was a collaborative effort based on conversations between the researcher and the research participant. The conversations challenged the prejudgments of the researcher and the conversation partner through interactive dialogue (Herda 1999: 90). The dynamics of the research conversations allowed data to emerge from meaningful dialogue that focused on the



research topic. Using the research categories of narrative identity and mimesis to guide the research conversations provided a context for understanding how the organizational changes that occur in a merger or acquisition may be viewed with a different lens.

### **Research Categories and Guiding Questions**

The research categories were determined by the themes revealed in the review of literature (Herda 1999: 102-104). The research categories inform both the research questions and the guiding questions which help give my inquiry direction. Narrative identity and mimesis were recurring themes throughout the literature on organizational development and change and as offered in the theoretical framework section above.

As previously stated on page two, the primary Research Questions for each category were:

1. Narrative Identity. Through the collection and interpretation of narratives, discuss some of the happenings that could provide an opportunity to embrace new identities of individuals and organizations that experience radical change.
2. Mimesis. Through collective reinterpretation of the past, how might we imagine a new future for an organization?

The guiding questions listed below are informed by critical hermeneutic theory and the research categories. Through authentic conversation the participants and the researcher had an opportunity to come to new understanding.

### Narrative

- How were the cultural traditions of each former organization acknowledged by those in charge of the transition?
- How did the story of the new organization change after the two organizations came together?
- What were the similarities and differences that each organization brought to the table?

### Mimesis

- Looking back do you recall where you were and how you felt when you learned your organization was merging with another?
- How were the traditions of the past of each organization brought forward into the new organization?
- Culturally, what has and has not worked from your standpoint?
- From where you are today what future possibilities can you imagine that may enhance the culture of your organization?

An additional reflection question was posed at the end of each conversation:

- Please reflect on what major or specific assumption one needs to have as a merger or acquisition begins.

The above guiding questions were not proposed in anticipation of a specific answer and the research conversation was not limited to these questions. Through a conversation between the researcher and the research participant, the researcher was able to appropriate a new and clearer understanding about her topic.

### **Data Collection**

Data collection for this research began by conducting recorded research conversations. Afterward I transcribed the conversations and reviewed the text for accuracy (Herda 1999: 97-98). Conversation participants received a letter of invitation (see Appendix A Letter of Invitation and Appendix B Proposed Conversation Partners). These participants had direct or in-direct knowledge of

mergers and acquisitions. All of my conversation partners had experience with organizational culture and change and each brought a rich and unique perspective.

I transcribed the conversations into a working text that was presented to each participant for their review (example: Transcript of Conversation-Appendix E), along with (see Appendix C Letter of Thanks). Participants were given the opportunity to make adjustments to the transcript, remove certain sections, or request that their conversation remain anonymous. In addition, I kept a journal to record observations and my own thoughts about the data collected (Herda 1999: 98). Ideas, observations, and other material collected during the journaling became part of the overall data collection.

### **Data Analysis**

According to Herda (1999: 98), data analysis “is a creative and imaginative act. In data analysis the researcher appropriates a proposed world from the text.” The transcription of conversations into text provides distance for interpretation of the data and allows the researcher to appropriate meaning from the text (Herda 1999: 86). The researcher uses critical hermeneutic theory to analyze the data and notes any additional themes that emerge as a result of the research questions. Herda (1999: 62) states, “... if a person learns to listen, and not only hear what is already understood, opportunities come into play to open new worlds.” The researcher’s interpretation of the data provides opportunity for the researcher to gain greater understanding about the research topic.

Herda (1999: 98-99) proposes the following stages for data analysis:

- Transcribe the conversation into a working text. The researcher should do this herself since it allows the researcher to live through the conversation experience twice;
- Review the text and pull out significant statements. Develop themes and place them in your categories. If the original categories are not appropriate they may be changed.
- Substantiate the themes and ideas with quotes from the research conversations.
- Examine the themes as they relate to the theoretical framework. Look for spontaneity among the quotes and themes from the conversations and the theory.
- Provide opportunity for further conversations with participants and make note of any changes requested by the participants.
- The researcher should set context for the written discussion.
- When “developing the text, discuss groupings of themes and sub-themes within each category in light of the theory and problem at hand” (p.99).
- The research problem should be discussed at a theoretical level and implemented at a practical level.
- The researcher should look for implications in the written discussion that offers new insight or a new direction that could merit further study.

- Provide examples of the learning and fusion of horizons that were experienced by both the researcher and research participants.

It is through the data analysis that the researcher is able to reflect on the conversations and in her interpretation, reach new understanding. The new understanding brings opportunity to practically implement critical hermeneutic theory.

### **Research Sites and Conversation Participants**

I conducted my research at various locations throughout Northern California and had conversations with business and other organizational leaders who have experience with mergers and acquisitions or with organizational culture and change. I had an opportunity to collaborate with twelve individuals from large and small organizations, both for-profit and non-profit. Six of the conversation partners were known to the researcher. The other six emerged through recommendations from colleagues and attendance at an annual awards dinner for Women in Leadership in the North Bay.

### **Research Conversation Participants**

Twelve participants contributed to this study including senior executives, managers, and rank and file employees, an organizational consultant, an M&A attorney, a Religious Brother and a Catholic Lay person.

**Table 1: Conversation Participants**

Name	Organization	Title
Ken Clark	North Bay Business Journal	Founder and Publisher - Retired
Kyle Dickson	Calpine	Power Plant Operator
Bonnie Fells	Federal Express	Customer Service Agent
Sharon Hoover	Coaching Works	Owner & Consultant
Frank Jones	San Jose State University & Private Ocean	Professor & Chairman of the Investment Committee
Br. Thomas Jones	De La Salle Christian Brothers	Auxiliary Visitor
Tim Kochis	Aspiriant	Chairman of the Board and Director of New Business Lines
Dick Maher	Maher & Associates	Wine Industry Consultant
Webb McKinney	Hewlett Packard	Executive Vice President - Retired
Debbie Meekins	Sterling Savings Bank	Executive Vice President and Chief Production Officer
Teresa Pahl	Hanson & Bridgett, LLP	Attorney & Partner
Gery Short	De La Salle Christian Brothers	Director of the Office of Education



**Figure 1: Ken Clark**

Ken co-founded the North Bay Business Journal in 1987. He sold the newspaper in 2005 to the New York Times Company and continued as publisher until his retirement in 2007. He also co-founded the 680 Business Journal in Walnut Creek in 1996 and sold the newspaper to Advance Publications in 2001.

He currently serves on the advisory board of Presidio Bank, the board of directors of the Golden State Land Conservancy, the advisory board of the School of Business and Economics, Sonoma State University, and the Sonoma County Airline Attraction Committee. He served on the board of directors of the North Bay Leadership Council from 2000 to 2007 and the board of directors of the Santa Rosa Chamber of Commerce from 2003 to 2007.



**Figure 2: Kyle Dickson**

Kyle has worked in the power industry for nearly thirty years. He began his career with Pacific Gas and Electric after serving in the Navy for four years. Calpine acquired the Pacific Gas and Electric facility where Kyle works in 1999. He went on to work for Calpine as a senior power plant operator. Kyle has a B.S. in Business and is an active member of Mens Division International.

**Figure 3: Bonnie Fells**

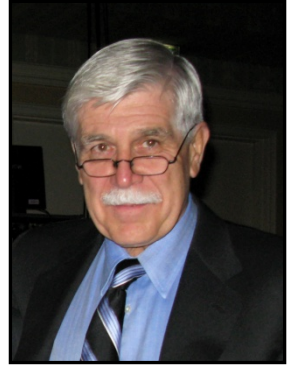
Bonnie has been an employee of Federal Express Corporation for nearly 26 years. She has been influenced by two Federal Express acquisitions, the Flying Tigers and Kinkos. Bonnie has held positions as Customer Service Agent, Ramp Agent and Operations Manager. In addition to working at Federal Express she holds a real estate license, is a strong advocate against child abuse and has studied communications at Napa Valley College.



**Figure 4: Sharon Hoover**

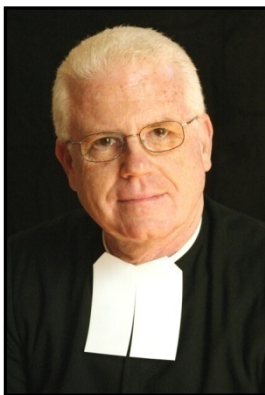
Sharon has coached small business owners and entrepreneurs, along with upper level managers and executives. Her expertise is in helping organizations identify those things that may stand in the way of success. While Sharon's direct work with mergers and acquisitions has been limited, her considerable work with organizational culture and change added a unique perspective to my study. Sharon has a B.S. in Education from Otterbein College and an MA from Ohio University.

**Figure 5: Frank Jones**



Frank holds the position of Chairman of the Investment Committee at Private Ocean. In addition he is a professor of accounting and finance at San Jose State University. His accomplishments range from being a founding Board member of the International Securities Exchange (ISE) to having managed a portfolio of funds valued at \$29 billion during his tenure at Guardian Life. At the ISE, Frank served as Chairman and was on the executive committee. Frank has been involved in mergers and acquisitions from the perspective of both buyer and seller.

Frank holds a PhD in economics from Stanford; an MBA from the University of Pittsburgh; an MS in nuclear engineering from Cornell; and a BA in engineering and a BS in physics from Notre Dame. In addition to his professorship at San Jose State, he has taught at Columbia University, MIT, NYI, Rutgers University and Yale University.



**Figure 6: Brother Thomas Jones, FSC**

Brother Thomas serves as Auxiliary Visitor for the De La Salle Christian Brothers in the District of San Francisco.

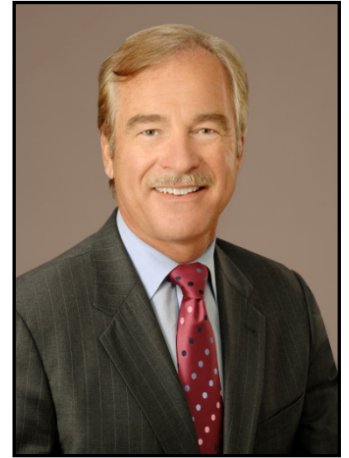
Brother Thomas has been a Religious Brother and an educator for more than forty years. During that time he has been directly involved in the joining of Lay and Religious in the Christian Brothers Schools. Most recently he has been involved in the merging of two districts of Christian Brothers; the New Orleans District with the District of San



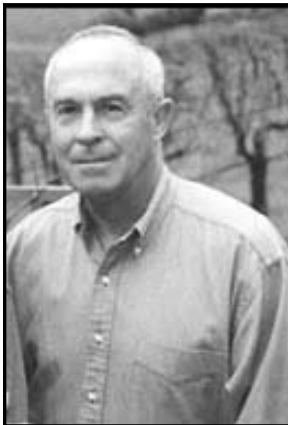
Francisco. Brother Thomas holds a BA from St. Mary's College and an Ed.D. in psychology from the University of San Francisco.

**Figure 7: Tim Kochis**

Tim is currently the Director of New Business Lines and serves as Chair of Aspiriant's Board of Directors. From 1991 until 2009 he was Chief Executive Officer of Aspiriant and one of its predecessor firms. In 2008 Tim's former firm Kochis-Fitz merged with Quintile to form Kochis-Quintile which later became Aspiriant. On July 20, 2010 Aspiriant announced the acquisition of Deloitte Investment



Advisors, a fee only firm owned by Deloitte Tax. Tim received his undergraduate degree from Marquette University, a law degree from the University of Michigan and an MBA from the University of Chicago.



**Figure 8: Dick Maher**

Dick has a long history in the wine industry of the Napa Valley. He is currently President and CEO for Clos Du Val Wine Company and Chairman of the Advisory Board of Wilson Daniels. In addition he is a founding partner of Maher & Associates, a Napa Valley consulting firm, and sits on the Board of Directors of Sake One, Spottswoode Winery and the California Wine Institute. Dick has experienced mergers and acquisitions from both sides of the fence. During his tenure as President of Christian Brothers Winery he was involved in the acquisition of Quail Ridge and later the sale of Christian Brothers to Heublein

Fine Wine Group. Dick holds a BA from Rensselaer Polytechnic Institute and an MBA from Stanford.

**Figure 9: Harry (Webb) McKinney**

Webb is currently a management consultant with a primary focus on merger integration and leadership development. He also serves on the boards of four non-profit organizations: Resource Area for teaching (RAFT), The American Leadership Forum of Silicon Valley (ALF), Alearn, and Civic Ventures, as well as on the board of Smart Modular Technologies.



Prior to retiring from HP after 34 years of service in Nov 2003, Webb was the EVP leading HP's ongoing merger integration and global citizenship efforts and HP's organizational effectiveness and governance initiatives. Previously, he co-led HP's post-merger integration team. His responsibilities included planning and leading the integration of HP and Compaq's systems, processes and people. Webb was born in Upland, Calif. He holds bachelor's and master's degrees in electrical engineering from the University of Southern California.



**Figure 10: Deborah (Debbie) Meekins**

Debbie is the Executive Vice President and Chief Production Officer for Sterling Savings Bank. Debbie joined Sterling in 2007 with the Sonoma National Bank acquisition. Previously Debbie was President and Chief Executive Office of Sonoma National Bank and its parent financial holding company, Northern Empire Bancshares. She has been named one of the top 25 Women to

Watch by U.S. Banker Magazine and is currently a Board member for the California Bankers Association and Santa Rosa Memorial Hospital Foundation.

**Figure 11: Teresa Pahl**

Teresa is a partner at Hanson Bridgett LLP. Her legal expertise includes matters involving general corporate law, securities law and real property law. She represents clients in all aspects of their business, including mergers and acquisitions, recapitalizations, formation of corporations, limited liability companies, general and limited partnerships and joint ventures. Teresa's real property practice includes negotiation and preparation of real property leases, acquisition and sale transactions and real property finance matters. Teresa holds an AB from the University of California and a JD from the University of San Francisco, School of Law.



**Figure 12: Gery Short**

**Gery** serves as the Director of the Office of Education for the District of San Francisco De La Salle Christian Brothers and he is a member of the District Leadership Team. His primary responsibilities include overseeing the District's Lasallian formation programs, assuring the authenticity of the mission in the District works, and the development and stabilizing of schools recently established to serve the poor.

For the United States-Toronto Region, Gery was on the task force to design the Lasallian Leadership Institute, participated as a member of the task force to design a new Regional structure aimed to be more inclusive of Lay partners, recently he was

elected chair of the Regional Education Board for 2010-2012. In April 2009, Saint Mary's College of California conferred on Gery an honorary doctorate in Education Leadership for his work in the District of San Francisco and beyond.

### **Research Timeline**

Data were collected between May 2010 and August 2010. During this time the researcher reviewed information on each conversation participant's organization (company websites). All data from the conversations were transcribed, analyzed and interpreted as it was collected and again as the narratives were brought into collective conversations from September 2010 until January 2011.

### **The Research Pilot Project**

My conversation partner for the pilot project was Tamela Smith. Our conversation took place on an incredibly beautiful day in November, 2009. We work together and decided to go outside the office to a restaurant for our conversation. It is a short walk to the Panama Hotel, a great little restaurant hidden among the residential streets of San Rafael in Marin County. Our conversation actually began as we walked, however, I did not begin recording until we arrived at the restaurant.

I had given Tamela the guiding questions prior to our meeting with the understanding that they were simply to be a point of reference for the conversation. We asked to be seated in a quiet corner and the server took us to a secluded spot on the patio. Much to our surprise, the quiet residential street that runs alongside the restaurant becomes much like a freeway during the lunch hour. Workmen and contractors apparently use it as a shortcut to get to Wolf Grade which leads from San Rafael to Kentfield. At first it was quite annoying, but dining on bites of ahi tuna

salad and fresh bread, we had to laugh at the situation and how noisy our quiet little corner was. As the conversation deepened, the cars and trucks going by became more of a purr than a roar and we were able to ignore the distraction through most of our conversation, which lasted for more than an hour.

### **Background of Conversation Participant**

Tamela is a financial advisor and co-worker at Private Ocean. Tamela holds an MBA from Dominican University of California and a Masters in Financial Planning from Golden Gate University. As a former employee with Federal Express (Fed Ex) she has been exposed to large corporate cultural change, including the acquisition of Flying Tigers. In addition, she has experienced the recent merger between Salient Wealth Management and Friedman and Associates, now known as Private Ocean.

### **Data Presentation and Analysis**

Initially I anticipated that the conversation with Tamela would revolve around a recent merger that we were both a part of. I was excited to learn that, in addition to the current merger, Tamela had been part of a large corporate acquisition. Ricoeur (1996: 182) states, “Subjects, individual or communal come to *imagine* and *know* themselves in the stories they tell about themselves.”

Looking back, opens up the possibility for new understanding. Herda (1999: 78) suggests that Ricoeur’s phrase “opens the kingdom of the *as if*” applies “whether it is a matter of analyzing literary text or organizational text.” As Tamela reflected on her experience at Federal Express (Fed Ex), she commented on how long she had worked for them. Nostalgia was reflected in her eyes when she spoke of the early

years. Tamela commented, “For a long time we had a voice and then gradually it was taken away... giving people voice is like giving them freedom.” Tamela shared that the 1980’s at Fed Ex were the “good times.” There was a lot of extravagance through that decade; the focus on the importance of people was significant. Throughout our conversation, I got the impression that growing from a smaller company to a larger one may have played a significant part in the loss of focus on the individuals who made up the Fed Ex culture. Tamela stated, “It became just a business because you have to always make the bottom line for the shareholders—at that point people were listened to less and less and it became more of a dictatorship—“either do it the way that we say or don’t work here anymore.”

When we enter an organization we find a world already figured. Where preconceptions and expected behavior are already in place and artifacts can keep paradigms constant (Herda 1999: 78). In the early 1990’s, Fed Ex wanted to expand its international presence and as part of that quest acquired the Flying Tigers. According to Tamela, the acquisition was purely economic and there was no intent to integrate any part of the Flying Tigers’ former culture into the newly formed corporation. She stated, “we just wanted their routes, their international routes, and that was one of the main reasons for the acquisition. I think it was more what could they absorb and get rid of whatever the old culture was and have the Flying Tiger people acclimate to the new culture as soon as possible with as little friction as possible.”

Herda (1999:78) explains that mimesis<sub>2</sub> gives us an opportunity to mediate between individual events, opening the door for a new configuration. This did not

occur at Fed Ex during the Flying Tigers acquisition. Without mimesis<sub>2</sub> it was impossible to reinterpret the past in order to imagine a different and better future for all. Tamela felt that the people who were employed by Fed Ex saw change coming but had no real fear because they were the acquiring company and most certainly the stronger culture. Those who had previously been employed by Flying Tigers experienced significant change. Their world was turned upside down as they were slowly ingested like a mouse being fed to a snake. Ricoeur (1984: 76) states, “[t]hus the hermeneutic circle of narrative and time never stops being reborn from the circle that the stages of mimesis form.” In the case of the Flying Tigers the remnants of their former culture disappeared quickly. According to Tamela, the former Flying Tiger employees were offered a deal—they could either retire at half the benefit they would have had without the acquisition, or go on to work for Federal Express. There benefits with Fed Ex were substantially less than what they had when they were at the Flying Tigers.

Those individuals from the Flying Tigers who remained after the acquisition were always unhappy. Tamela recalled, “The Flying Tiger employees were angry and resentful from the very beginning” and virtually no part of their former culture survived. For those who remained, the benefits began to be cut... in the 1980’s Fed Ex was a fun place to work. As soon as they got too big all that went away. Today they are almost out of business.”

Coming back to the present, Tamela’s view of the recent merger of the firm she works for, Private Ocean, was quite different. She felt that these two companies had been more intentional about including everyone in the process of building the

new firm. This was contrary to her experience with Fed Ex and the Flying Tigers. She believed that the merger of Salient and Friedman was structured properly. She felt that “with the Salient-Friedman merger we were kept informed from the very beginning... it wasn’t like Fed Ex—a big surprise and then you have to change behavior and change your thinking and your comfort zone.” Another difference that Tamela noticed in the merger between Salient and Friedman was the fact that there was a conscious effort to bring in the best of both former companies. She recalled “it was realized through management and many meetings, I’m sure, what should be brought in from both sides and what should be let go of.” Tamela sees this merger in a positive light and thinks that merging the strengths of the two companies will make a stronger company going forward.

### **Implications**

This study explores how critical hermeneutic theories of narrative and mimesis may enhance the cultural change when organizations bring two groups of people together to form one entity. The implications of the study suggest that there may be opportunity to practically apply critical hermeneutic theory in terms of organizational culture and change within the context of mergers and acquisitions. Using narrative identity and mimesis we may gain a better understanding of the past, present, and future of an organization’s culture.

Ricoeur (2004: 289) states, “[t]he ahistorical and historical are equally necessary for the health of an individual, a people and a culture.” Relying too much on the historical past of one or both of the merging entities creates stagnation, relaxing the healthy tension that exists between *idem* and *ipse*. On the other hand,



ignoring the past of one organization's existing culture in favor of the other, or ignoring both all together, creates an internal resentment that slowly unravels the fabric of the entity and threatens its success. As mentioned earlier in this study, integrating the same and the other as it relates to the present and ultimately the future is especially useful, particularly in organizations where the text is a living narrative between individuals.

As mergers occur and individuals move between organizations or, leaders move in and out of place, cultural aspects can be interpreted and refigured using mimesis. Ricoeur (1996: 126) explains, "[n]arrative identity can be made and then unmade, since it is possible to weave different plots through the same personage." Different plots were evident throughout my conversation with Tamela. Looking back she revealed that, even before the acquisition of the Flying Tigers, the organizational culture at Fed Ex was changing from being people-centric to being profit-centric.

During my conversation with Tamela there was some consideration that the size of an organization might be problematic for the application of critical hermeneutic theory. Inasmuch as it may create a challenge, I think that it is far more important to understand where culture fits into the merger and acquisition equation. The commentary did, however, open a door for further exploration through future research conversations.

### **Reflections on Pilot Project**

The conversation I had during my pilot project went well and did not become an interview. One of the challenges was keeping the conversation in line with the themes of the study. While interesting, from time to time, Tamela went in a direction

that had no relevance to the topic or to the study. I was delighted to find out that Tamela had been involved in a large corporate acquisition and not just the merger that we were both part of. In future conversations I will look for research sites that are more conducive to conversation.

### **Background of the Researcher**

Growing up in Colorado my early dream was to write. Looking forward to being an English major at Denver University, a change of plans after high school took that dream in a different direction. Instead of going directly to college, I went to work at Colorado State University in order to put my then husband through school. In 1974 we opened a garden center where my role was operating the business side of the organization. With more than 25 years of management experience, I have owned and operated two small businesses and held management and executive administrative positions in the aerospace industry, wine industry, restaurant industry, non-profit education, and wealth management. Through my experience I have come to realize that, while the language may be different, business is business, and all face similar challenges when it comes to people, processes and change.

Presently, as Chief Operating Officer (COO) of Private Ocean Wealth Management, I am responsible for business finance and administration—including risk, human resource and facilities management-financial projections and budgets. As a member of the leadership team, I contribute to strategic business planning, employee development and the processes that streamline Private Ocean's business operations.

I serve on the Board of Directors of the Marin Education Fund which provides guidance and scholarships for under-served youth. I am also member of Junior League Napa-Sonoma, the Financial Women's Association of San Francisco, and the Women, Leadership & Philanthropy Council (WLPC) at Dominican University of California.

After raising my two daughters, I returned to school and in 2002 and received a Bachelor of Arts in Human Resource Management from Dominican University of California. In 2004 I completed an MBA in Strategic Leadership. More recently, I applied for and was accepted into the doctoral program at the University of San Francisco, School of Education. During my first year it became clear that I wanted to pursue a participatory hermeneutic research inquiry into cultural change as it applies to business and, more specifically mergers and acquisitions.

### **Summary**

As mentioned at the beginning of this dissertation, bringing two organizations together threatens the collective identity that makes up what is frequently referred to as corporate or organizational culture. When this identity is not taken seriously it can influence whether or not a merger succeeds or fails (Bligh 2006).

The field of organizational theory and development has been studied for more than one hundred years. There are volumes of literature that address organizational culture and change. My experience and, more recently, my pilot study reveal that there are cavernous gaps in how corporations and organizations handle the inevitable changes that occur when two companies come together as one.

Within the critical hermeneutic categories of narrative identity and mimesis lie the opportunity for businesses to embrace this thinking and open new avenues for understanding organizational culture and change. In the sameness (idem) that anchors an organization's history, through narrative identity, there is occasion for ipse to open up a new future. I believe that this research may allow for the practical application of critical hermeneutic theory in business and provide companies with a space to interpret the past, refigure the present, and imagine a co-created future.

## CHAPTER FOUR: PRESENTATION OF DATA

### **Introduction**

Within this Chapter, I present the data I have collected through research conversations. The individuals with whom I spoke came from a variety of organizations and represent a cross section of gender and roles. More detailed descriptions of my conversation partners may be found in Chapter Three.

Organizations face numerous challenges when they participate in a merger or acquisition, not the least of which is cultural change. With respect to this change, and depending on where a person falls within the hierarchy of an organization, the data reveal that there may be different insights regarding the importance of culture.

My research categories surfaced throughout my conversations. Within the category of Narrative Identity, Ethics and Power emerged as themes. The themes of Tradition, Integration, and Imagination arose within the category of Mimesis. The narratives of each of my conversation participants bring a unique perspective to this study. By retelling the stories of my conversation partners together as one, a text is created that reveals an opportunity for greater understanding along the continuum.

### **Narrative Identity**

Narrative identity creates a tension that allows individuals within an organization to move from that which is the same (*idem*) to that which is change (*ipse*). It is within *ipse* that we begin to understand our ethical responsibility. According to Ricoeur (1988: 249), “[e]thical responsibility is the highest factor in ipseity.” Ricoeur (1996: 6) explains, “...narrative identity is not that of an immutable substance or of a fixed structure, but rather the mobile identity of the story.”

Narrative identity is not solely applicable to individuals, communities (organizations) have narratives that create their actual history as well (Ricoeur 1988). According to Ricoeur (1992: 171), ethics are “guided by a three-part formula: ‘*aiming at the “good life”, with and for others, in just institutions.*’ Through emplotment the narrative of an organization moves forward, ultimately revealing where it stands.

### **The Ethical Edge**

Ethics surfaced in several of my conversations. All of my conversation partners understood that cultural change would result from a merger or acquisition. They also believed that ethics has a strong influence on an organization’s identity. A primary concern lay with acquiring companies saying one thing, and doing another. Hannah Arendt (1972: 92) suggests that, “every organization of men, be it social or political, ultimately relies on man’s ability to make promises and keep them.” Teresa Pahl of Hanson Bridgett explained, “Some acquirers keep their word after the deal is done and make sure that what they said would happen to the people and the culture, does happen. There are many acquisitions where that does not occur.” Ricoeur (1984: 9) states:

In the name of what can the past and the future be accorded the right to exist in some way or other? Once again, in the name of what we say and do with regard to them. What do we say and do in this respect? We recount things which we hold as true and we predict events which occur as we foresaw them. It is therefore still language, along with the experience and the action articulated by language, that holds firm in the face of the skeptics’ assault.

Dick Maher’s experience included the acquisition of Christian Brothers by Heublein Fine Wine Group. Following the acquisition, he believed that the new culture was about doing more business and making more money with fewer people. According to

Dick, “There was a lack of concern for the people in the Heublein acquisition and it was always more about the product.” He also believed that there was a significant problem with Heublein keeping promises. Ricoeur (1984: 59) explains, “The very project of ethical neutrality presupposes the original ethical quality of action...” At Heublein people were told they would stay and be part of the resulting organization. In reality they were let go as soon as they shared their intellectual capital with the acquirer.

Webb McKinney was in charge of integration during the HP/Compaq merger. He stated, “We didn’t walk the talk. In my experience building trust is really critical and when you say one thing and do another you are not building trust.” Webb cited examples that included observing behaviors within the workplace that used to be inappropriate and were now tolerated.

As the documents for the acquisition were being signed, Debbie Meekins of Sterling Savings found herself still negotiating. Employee benefits, that had been discussed previously, were nowhere to be found in the closing documents. Sterling made verbal promises that Debbie assumed would be part of the deal. That was not the case. In the end, even though some of the benefits changed, she was able to make sure few people lost their jobs, which was what was most important to her. Ken Clark of the Northbay Business Journal suggested that, “conversations about expectations don’t always occur in the midst of a transaction because of a fear that they might kill the deal.” In Ken’s case there were some surprises after the deal closed. During our conversation he mentioned that certain expectations were not revealed to him until six to eight weeks after the transaction was signed.

In the discourse about ethics we are led to believe that there is not a clear line when it comes to mergers and acquisitions. According to Teresa Pahl, “There are acquirers who believe that their way is the only way.” In a financial acquisition people are often an afterthought. There may be no intention on the part of an acquirer to honor or consider the traditions and values of the company they are acquiring. The ethical dilemma occurs when they do not share that information during negotiations with the organization they are acquiring.

As the story of a new organization is emploted, it can be drastically influenced by the acquirer’s corporate culture. Dick Maher explains, “When promises made are not kept it makes it very difficult for the acquired company’s people to fully embrace their new environment.” The collective narrative of my conversation partners suggests that keeping promises during the early stages of a merger or acquisition may positively influence cultural change and create a bridge from the past into the future. Within the narrative and Ricoeur’s ethical aim lies the power to act responsibly toward others.

### **The Power Factor**

Power and control was an underlying theme in many of my conversations. Even in those cases where the intent was a merger of equals, there appeared to be a dominant player. Teresa Pahl has witnessed numerous mergers and acquisitions over the many years she has practiced law. She suggests that “It is not so much the structure that is used but rather the attitude of the acquirer. Some acquirers have an attitude that they are more important than God. They feel that their way is so much better and if you don’t like it we don’t want you here anyway.” People in charge of



these types of acquisitions believe that they are smarter than everyone else. They rape and pillage companies with no regard for integration. Ricoeur (2004: 81) discusses the concept of fragility and its part in identity.

To be sure, we may find this surprising: is our identity so fragile that we are unable to bear, unable to endure the fact that others have different ways than our own of leading their lives, of understanding themselves, of inscribing their own identity in the web of living together? This is so.

The New York Times acquired the Northbay Business Journal and on some level allowed the smaller newspaper to operate with autonomy. Ricoeur (1992: 220) suggests that “[i]t is difficult to imagine situations of interaction in which one individual does not exert a power over another by the very fact of acting.” Calpine was a small company that acquired a PG&E facility, along with the people who came from PG&E and Unocal-both much larger companies than Calpine. In this acquisition Calpine’s culture was overshadowed by the cultures of the energy giants it acquired.

Teresa Pahl, however, also had experience with acquirers who said “Wow this is a really great run organization. Let’s focus on making it better and not one-sided.” Ricoeur (1992: 220) explains, “... power-in-common is the capacity of the members of a historical community to exercise in an indivisible manner their desire to live together.” Brother Thomas Jones reflected on the idea that bringing two organizations is not unlike a marriage in that one organization may be much stronger than the other yet they must live together. It is incumbent upon the stronger partner to act in a way that allows for the sharing of power. Ricoeur (1992: 220) describes the power-to-do or the power-to-act as “the capacity possessed by an agent to

constitute himself or herself as the author of action with all of the difficulties and aporias.” In mergers and acquisitions agents tasked with integration have significant power. Using power-in-common, and allowing a new narrative to emerge, provides occasion to create a unique and lasting culture within the newly formed organization.

Narrative Identity opens the opportunity for Ricoeur’s ethical aim. At the same time, Mimesis gives rise to mutual respect for each other’s past, appropriation and integration of certain traditions and, being open to new ways of doing things-an imagined future.

### **Mimesis**

In a merger or acquisition, Mimesis allows an organization to grow upward through the hermeneutic circle. Mimesis<sub>1</sub> opens up the opportunity for reinterpretation of the past, where traditions from each of the former organizations may be appropriated and become part of the newly merged company. Mimesis<sub>2</sub>, where the mediation between past and future takes place, appears in cultural integration. As Ricoeur (1984: 64) explains, it is the opening of the kingdom of the ‘as if’.” Without cultural integration, it is very difficult for people within a merged organization to envision the future represented in Mimesis<sub>3</sub>. When cultural integration mediates between Mimesis<sub>1</sub> and Mimesis<sub>3</sub>, an imagined future begins to unfold.

### **Appropriating Tradition: Old and New**

One of my guiding questions centered on tradition and whether or not my conversation partners believed that history and tradition had been considered within their particular merger or acquisition experience. Each individual I spoke with had a

different understanding of tradition as it applies to an organization and each brought color to the conversation through their own lens.

In the HP-Compaq merger, individuals from each company brought their historical narratives with them. Through emplotment, there was an opportunity for traces of the past to remain, even as a new story evolved. Traditionally, the HP culture had been one where creativity was embraced by founders who were salt of the earth. On the other hand, the Compaq culture emphasized structure and as Webb McKinney put it, “they operated in a command and control environment.” To complicate things there was another layer; a subculture that the CEO brought with her from her previous employer, Lucent Technologies. In an attempt to create a new culture they brought in best practices from each organization. Best practices, however, do not address the ontological aspects of an organization, including history and tradition. Instead of weaving together the rich traditions with new direction, HP and Compaq tried to create something completely new. Ricoeur (1992: 85) states, “The disappearance of any reference to persons, in the final assertion cited, is not accidental and should catch our attention.” When asked about what assumptions one should have when considering a merger or acquisition Webb replied,

I would start with the fact that not all mergers really do make sense. Then you have to ask yourself what are the critical success factors. If you never figure out how to work together and how to appreciate what each party brings to the table it’s not going to work.

Driving up through the Napa Valley to meet with Dick Maher I had a rush of emotion and a flood of memories about the wine industry, and the influence of acquisitions on organizational culture. Dick had experience as both the acquirer and the acquired.

He spoke of the acquisition of Quail Ridge by Christian Brothers Winery and said, “It was small so it was easy to merge.” Dick believed that the leaders of Quail Ridge cared very much about their people which may have made it difficult for them to conform to the Christian Brothers’ culture. As he explained, “...we were trying to get people into our way of doing things and that can be challenging.” The cultural changes that happened when Heublein purchased Christian Brothers were much harder because the traditions ran so deep. The Christian Brothers winery, since prohibition, had been run by the Religious Brothers. In 1983 they started to bring in Lay people and the culture began to change. Dick said, “All of a sudden civilians were running the business and changing the corporate culture.” Heublein bought the winery in 1989 and, according to Dick, “It wasn’t just the fact that the winery was being run by civilians. We were now a small part of a huge international conglomerate, publicly traded and driven by profit.” There was no opportunity to bring forth any of the traditions from the original winery. However, there are artifacts that will remain well into the future such as Brother Timothy’s corkscrew collection which is on display at Greystone in St. Helena, California.

Gery Short also works with the De La Salle Christian Brothers, the former owners of the Christian Brothers winery. Gery’s insight and narrative comes from the side of the Lay person integrating into a Catholic teaching environment. Traditionally, in this organization, decisions were made informally around the dinner table. That was how people were moved into positions of leadership in a school or in the winery. Like Dick Maher, Gery has seen this organization transform into a more structured environment. Now, Gery says, “We have Boards of Trustees in place and

that family business environment has transitioned. I wouldn't call it corporate but there is a different kind of business going on." One thing that helps the culture in Gery's mind is conversation. During the merging of Lay and Religious there was a fear on the part of the Brothers that the Lay people just "wouldn't get it." Ricoeur (1988: 235) says, "The present is wholly a crisis when expectation takes refuge in utopia and when tradition becomes only a dead deposit of the past." As the Lay people began to become presidents and principals of the schools, the Brothers realized that the Lay people cherished the tradition, the culture, and what the Brothers had been to all of them. Ricoeur (1992) talks of sameness being the concept of a relation of relations. The Brothers organization embodied this sameness while the Lay people perhaps had a qualitative identity or, as Ricoeur (1992) puts it a resemblance.

The organizational culture of the Christian Brothers is unique because of its deep and written history. All organizations are fluid and the mimetic process allows the flow of constant change. Within the narrative, the Brothers and Lay people continue a generally friendly discourse that moves them ever closer to reaching selfhood (*ipse*) and a culture of service to others. The experience of traditions influenced by past generations, and appropriated through stories told, open the door to an imagined future of shared spirituality and leadership.

Organizations come in many forms. There are those that exist solely to sell a product or a service and there are those that exist to serve others. The Christian Brothers' organization, be it the winery or the schools have always existed to serve others. Brother Thomas, Auxiliary Visitor, is also part of the De La Salle Christian

Brothers and sees the organization through the eyes of a Religious Brother. Brother Thomas' experience with mergers and acquisitions comes from the emergence of Lay people as teachers and leaders in the Christian Brothers Schools and, more recently, the coming together of two shrinking Districts of Brothers.

Brother Thomas sees the benefit in Lay people joining with the Religious Brothers to continue the mission. When he spoke of the Lay people he remarked, "The exciting part has been how engaged people have been in our mission and how excited they have been about hearing the story and becoming part of the story. It's like a river that just keeps getting more and more water. It's just flowing faster and faster." In his opinion the Brothers are much more homogenous than the Lay people. He reflected back on a time when, as Brothers, things were more comfortable and easier. Like children in a family, this comfort was the result of a shared, along with common beliefs and values. Emotionally, there seems to be a pronounced sadness in letting go of the past and embracing the future. Intellectually there is a belief that the traditions of the Brothers will stay intact through archives and storytelling. The lengthy dialogue between the Brothers and the Lay people has gone on for more than 20 years. In that time traces of the Brothers history has been carried on by others committed to preserving the culture and the mission of the organization. In this discourse, mimesis occurs in action through a flow of time and multiple perspectives. Ricoeur (2004: 307) suggests, "What matters is that the projection of the future is, henceforth, of a piece with retrospection on past times. From then on, the century can be seen with the eyes of the future." As the number of Lay partners has increased, fewer Brothers have joined the teaching order. Standing in the present we are able to

reinterpret the Brothers past and the Lay partners' contribution to the imagined future which may not include the physical presence of Brothers at all.

Not all organizations are as old as the Christian Brothers but all of them are rooted in tradition. I was introduced to Debbie Meekins at a dinner honoring Women in Leadership in the North Bay. Debbie is a resident of Santa Rosa, California. However, most of her work is done in Spokane, Washington where Sterling Savings Bank is located. Debbie had no previous experience with mergers and acquisitions and she was directly involved in the decision to be acquired. As she reflected back on the past she commented, "I will say to you that I was clearly pretty naïve." Debbie recalled that when she first talked with the Chairman of Sterling Bank about the possibility of an acquisition, she revealed to him that she cared very deeply about the people in her bank. Debbie acknowledged that many of the previous traditions of Sonoma National Bank would not have continued even if the bank had grown organically without being acquired. She believed that the size of the company influences the culture and causes the elimination of certain traditions. According to Debbie, "The larger a company becomes, the more difficult it is to hold on to things like holiday parties." The people at both banks had an incredible work ethic and a great deal of loyalty. There were also obvious differences. Sonoma National had a more collaborative environment and at Sterling, the original founder who was also the Chairman, directed how things worked. Ricoeur (1984: 53) says "In constructing a relationship between the three mimetic modes I constitute the mediation between time and narrative." Over time, through the mediation of what was, what is and what will be, an opportunity to create an environment of collaboration and community

presented itself. In the past few years the original Chairman and President have left Sterling Savings. Debbie reports to the new CEO and as a result of that she says, “Now they are more like we were than we are like they were.” Through the course of time the narrative identity of the organization has become more collaborative. Looking back at the present past and forward toward the present future the story has changed. Even though it is not the same as it used to be it is a place where people want to be.

My conversation with Ken Clark of the Northbay Business Journal was not unlike Debbie’s when it came to tradition. Ken’s story, however, gave way to understanding how the ripple effect of a founding event can be felt thousands of miles away. Ken and his partner were in the process of negotiating a sale of their newspaper to American City Business Journals, a New York Company. The day that the transaction was to occur was September 11, 2001. For Ken and the people who make up his organization September 11 became part of their history and their narrative. It was the day the deal did not happen.

Ken believed that some things happen as they should. Because the deal with American City Business Journals did not occur, the Northbay Business Journal was acquired by the New York Times in 2004. The culture and identity of the Northbay Business Journal has continued with some level of autonomy since the acquisition. Ken says, “The New York Times went out of their way to welcome me and my staff to what they call the New York Times family.” In the beginning the Times had planned on merging Ken’s newspaper with another local paper, The Press Democrat (a local Santa Rosa, California paper). Everyone eventually agreed that the focus of



each of these two organizations was so different that it didn't make sense to merge them operationally. There was, however, an expectation to merge the organizations culturally as part of the New York Times. Ricoeur (1988: 247) states, "Individual and community are constituted in their identity by taking up narratives that become for them their actual history." Ken believes that there is usually a dominant and a subordinate organization in an acquisition and that the dominant organization will exercise greater influence. His surprise came when the New York Times actually appropriated some of the traditions that were formerly those of the smaller North Bay Business Journal.

Like Debbie and Ken, Tim Kochis is a leader in his organization. My conversation with him took place inside a conference room towering high above the city of San Francisco with stark white walls, angled glass and a silence that was palpable; almost museum like. Tim's firm, Kochis Fitz, had recently merged with Quintile to form a new company known as Aspiriant. During the weeks following our conversation Aspiriant went on to acquire Deloitte Investment Advisors. Listening to Tim tell his story I got a sense that there had been considerable work done on making sure that the histories and traditions of each of the former firms were brought forward into the present in order to envision a collective future. Tim said,

We probably thought about the future opportunity first. One of the things that made the merger possible and attractive was the fact that the cultures were already very similar. I've analogized it as two identical twins that were separated at birth and rediscovered themselves twenty years later. In the meantime because of their different experiential environments they acquired somewhat different personalities and developed somewhat different patterns but they were fundamentally the same people.

In preparing for the merger and listening to stories, the past of each former organization was considered and, where practical and possible, cultural traditions were transferred to the new community. Paul Ricoeur (1988: 247) explains that “The notion of narrative identity also indicates its fruitfulness in that it can be applied to a community as well as to an individual.” The newly shared traditions at Aspiriant gave way to a new narrative identity for the organization and for the individuals within it.

When asked what major assumptions one needs to have as they consider a merger or acquisition Tim’s response was simply, “You have to have an unwavering belief that it is going to work.” He didn’t want to sound Pollyannaish; however, he believed that the people who were now Aspiriant had handled the cultural integration well. Through an openness to accept the other they were able to strike a balance between sameness and selfhood.

Cultural change is not something that happens overnight. In order to create a new culture in a merged company one must first recognize the past of each former organization and through the narrative, emerge on the other side together. Within the stories told about each organization’s pre-merger culture lie historical traces and traditions that may be integrated into the merged organization as it evolves into what it will become.

### **Cultural Integration**

Cultural integration appeared to be a desired outcome among my conversation partners. In the narratives it was clear that for some this had not occurred and for others there was a sense of cohesive unity in their organizations. Bonnie Fells came

to me through a mutual friend. Her experience at Federal Express around the cultural changes resulting from acquisitions aroused my interest. Bonnie was not involved in the deal or decision making. She was in the trenches where an acquisition's influence pits one tribe against another. Richard Kearney (2003: 26) explains:

Most human cultures have been known to deploy myths of sacrifice to scapegoat strangers. This sacrificial strategy furnishes communities with a binding identity, that is, with the basic sense of who is included (us) and who is excluded (them). So the price to be paid for the construction of the happy tribe is often the ostracizing of some outsider.

The bulk of Bonnie's career has been with Federal Express (Fed Ex). Bonnie said, "When I started in 1984 it was really a family company. Everyone felt like your brother or sister. You watched after each other and covered for each other." In 1989 Fed Ex acquired the Flying Tigers so that they could get the flying rights into foreign countries. Bonnie reflected, "That's when it changed. It became bigger overnight both employee wide and worldwide." Following the acquisition of the Flying Tigers, Federal Express eventually acquired Kinkos and created Fed Ex Ground with no apparent plan for an integration of culture. The former Flying Tigers group felt that they had been around longer and therefore their way was the right way and according to Bonnie "to this day they still have the Flying Tiger mindset."

As our conversation progressed Bonnie made it clear that there has been no integration of cultures within Fed Ex. Each individual entity within the larger whole has its own identity which is rooted in an unchanging history. The failure to share stories and adopt both the ahistorical (new traditions) and the historical (old traditions) within the organization has created a cavernous divide among the

individuals working there. According to Bonnie the Flying Tigers and Kinkos never acquiesced to the “purple blood” culture of Federal Express.

Kyle Dickson worked for many years for Pacific Gas and Electric at a power plant located near the Geysers in Northern California. Following deregulation, in 1999, Calpine acquired not only the PG&E power plants but also the Unocal steam fields, bringing together three unique organizational cultures. Kyle explained, “The CEO of Calpine, Pete Cartwright, had a vision that included a more autonomous culture than had traditionally been experienced by the larger organizations Calpine had acquired.” Like Bonnie, Kyle believed that there was no direct focus on cultural integration. The difference in this case was that over time the culture of one of the acquired firms (Unocal) took over.

Kyle’s narrative pointed out that this occurred partly because Calpine was small compared to the organizations it acquired. He also thought that the CEO’s influence was not strong enough to change the existing cultures, which were both predominantly command and control. Ricoeur (1984: 9) says, “For, in order to pave the way for the idea that what we measure is indeed the future, understood later as an expectation, and the past, understood as a memory, a case must be made for the being of the past and the future which had been too quickly denied, but it must be made in a way that we are incapable of articulating.” Ricoeur (1984) talks about how the past and future might perhaps exist together. As the years have gone by at Calpine there has been an organic cultural melding as workers from the three former organizations have been thrown together on projects. In this environment they have begun to create a new narrative identity by telling tales of the past and creating new stories through

their shared experience with hope for a different future. There is a culture of fear that is shared by all who inhabit the Calpine organization; fear of retribution if someone challenges the status quo. This is a throwback from the original Unocal culture that still dominates today.

Teresa Pahl's experience comes from her many years as an M&A attorney. She has had the opportunity to sit on both sides of the table and believes that poor integration leads to good people leaving. She strongly believes that an organization should determine up front whether or not there is a cultural fit, however, too often this does not happen. At Hanson Bridgett, Teresa's firm, they believe that cultural fit is essential. When they acquire new partners they spend a considerable amount of time getting to know that person or those people. When asked what assumptions she thought one should have when entering into a merger or acquisition Teresa said, "What is the process for integration?" There has to be a commitment on the part of the acquiring company to make sure that the newly formed culture is breathed life and kept healthy, and this will not happen if there is no focus on its importance.

Unlike Bonnie and Kyle, Webb McKinney had been closely involved in the integration of Hewlett Packard (HP) and Compaq during their merger and is still an integration consultant for other companies. Webb had been with HP for many years and, when he was asked to handle the integration of HP and Compaq, he agreed because he truly cared what happened to the company. Webb stated, "The CEO said, 'This is going to be a merger of equals. This is not going to be the HP culture and it is not going to be the Compaq culture. We are going to create a new culture bringing the best of both.' So that was the goal." In taking best practices from each of the

organizations and choosing the best people it was believed that the merger would quickly reach a level of concordance. Webb believes that the intention to create a new culture was there. Unfortunately, Webb thought that the leaders of the company ultimately dropped the ball and that the work on culture lacked ground-level involvement and follow-through on the part of the CEO, which made an integrated culture impossible to achieve.

Frank Jones' experience with mergers and acquisitions began when Guardian Life (a very large company) purchased a smaller company in New Jersey. Frank mentioned that "We were bigger so it was my job to fit them into us." In retrospect he suggested that he could have been more "warm and fuzzy" during the integration. However, throughout the process there lay a clash of egos that Frank did not think could be resolved. His enlightenment about cultural integration likely came when the shoe was on the other foot and his organization was being acquired by a German company. He was thoroughly awed by the fact that the Chairman and CEO of Deutsche Börse (the biggest stock exchange in the world) flew all the way to New York just to meet him and to hear his story before the acquisition took place.

Throughout my conversation with Frank I realized that when an acquisition or merger is announced it is merely fiction. Bringing two organizations together is an imagined future and is not fully understood until the ink is dry and the wheels are in motion. Ricoeur (1996: 167) states, "Narrative not only poses the possible imaginative variations of the problematic of selfhood and sameness; it also, when applied to real life invites difficulties." When asked if he could reflect on what major

or specific assumption one might need when considering a merger or acquisition

Frank said,

You need to have integration on two levels. People do financial audits but no one does a cultural audit and I suspect the reason or most of the reasons for the break down is because of culture not technical. The CEO that flew from Frankfurt to meet me, he understood that. Yes, he understood that.

Organizations cannot be static, less they become extinct. Within mergers and acquisitions lies unlimited opportunity to imagine a future that acknowledges and embraces the other. Integration of tradition, conversation, and vision stand waiting to create opportunities for organizational culture to enhance, rather than detract from an organization's purpose.

### **An Imagined Future**

In an imagined future Bonnie Fells believes there is a common thread between Fed Ex Express, Fed Ex Ground, Flying Tigers, and that there needs to be more conversation between the managers of each group. She explained, "I don't care who you are or where you work, people want to feel that you care about them. I think we need to bring the people together, you know, Ground and Express and bring the people from Kinkos to the table. They are people just like we are." Ricoeur (1996: 6) states, "Narrative identity takes part in the story's movement, in the dialectic between order and disorder." It is in this chaos that selfhood (ipse) emerges, offering the opportunity to bring forth new understanding and a more cohesive culture.

Imagining forward Kyle Dickson is certain that there will be another acquisition in his future. He believes that the most important thing Calpine can do is integrate the people at the beginning of a merger. Kyle felt that it was important for

the company leaders to bring in the right people, those who will make culture as important as the bottom line, and make safety most important of all.

My conversation partners all acknowledged, in some fashion, the fact that an organization cannot exist without the people who inhabit it. I had an opportunity to talk with an organizational consultant, Sharon Hoover. Sharon's direct involvement with mergers and acquisitions is limited. However, she has done considerable work with organizations and cultural change. Sharon shared her significant insight during our conversation, which focused on the cultural change that occurred in a doctors' practice as they prepared a succession plan. There were new and younger doctors in the practice and the older group did not think that they would want to take on the responsibility of running the business. For many years the culture had been the result of a Board of older doctors who made the decisions. Sharon's work helped the older doctors to begin the discourse with the younger doctors that ultimately brought forth a new narrative identity for the entire organization. Sharon mentioned, "The most interesting thing was that by the time we completed the assessment, the culture was already changing organically." People had an opportunity to share in the experience of the cultural change. Ricoeur (1992: 143) says, "In the story recounted with its qualities of unity, internal structure, and completeness which are conferred by emplotment, that the character preserves throughout the story an identity correlative to that of the story itself." Sharon commented, "Every time you bring in someone new it is kind of like a stew. You have a stew and if you take the potatoes out and throw in carrots it's a different stew. It is still stew and a lot of the ingredients are the same and it kind of smells the same but it has a different flavor." When the older



doctors took the time to ask the questions and share their stories with the younger doctors a new stew was formed. Culture is the foundation of an organization. Within the discourse, as we begin to see things in a new light, we make room for new influence and contribution and, a new future.

Teresa Pahl's perspective on mergers and acquisitions (M&A) and their influence on organizational culture is unique. An M&A attorney for 28 years, Teresa has been through many business cycles. Just as organizational theory has evolved over time so has the way that companies are bought and sold. Teresa recalls that in the 1990's a popular acquisition model was the rollup. According to Teresa, "Those frequently failed. They failed for a number of reasons but one of the reasons was that the people failed to understand that the primary asset of any organization is the people." Without the people there is no tradition, no integration and no imagined future.

### **Summary**

Throughout Chapter Four the stories of my conversation partners enlance a text where common themes emerge in alignment with my categories. These themes provide affirmation that individuals involved in successful mergers and acquisitions consider their ethical intention and use power-to-act in a way that encourages participation. Agents who encourage the retelling of stories and traces of the past to inform the future of their organizations stand to gain significant loyalty from individuals on both sides of a merger.

When the to and fro of conversation allows for the fluid movement of Mimesis it becomes apparent that the merging of two organizations is as much about

a cultural fit as it is about economics. Organizations are intentionally created to serve a population both internally and externally. The voices that radiate from this text suggest that there is opportunity for greater understanding about the important role culture plays in a successful merger or acquisition. In Chapter Five the data will be viewed with a critical hermeneutic lens addressing the research categories of Narrative Identity and Mimesis.

## CHAPTER FIVE: DATA ANALYSIS

### Introduction

In Chapter Four, I presented the data that arose during the discourse with my conversation partners. In this Chapter, I continue to explore the data and how it relates to critical hermeneutic theory. Throughout the past year I have been asked many times what my dissertation was about. Conversation partners were interested in the outcome, assuming that there would be a template or a checklist that could be brought to bear on the issue of cultural change, following a merger or acquisition. As soon as I brought up the words *critical hermeneutics* I could see one of two reactions—curiosity or caution. Those individuals who were curious wanted to know how critical hermeneutics differed from traditional research methodology and how it might be applied in practical terms. Others were cautious, assuming that critical hermeneutic theory was complex and beyond their understanding. Herda (1999: 132) states, “once we have found a new truth, spoken to us through our tradition of which we risked part, we cannot say that now we are alone in this discovery. We are not.” As my conversations took place, each of my partners began to experience the flow of the discourse leading each of us to a greater understanding of the important role culture plays in mergers and acquisitions.

My data analysis is guided by the research categories of Narrative Identity and Mimesis. Herda (1999: 128) explains that, “the researcher as narrator—the researcher is more of a narrator than an analyst—calls upon productive imagination in the invention and discovery of plots grounded in quotes from conversation and theory.” Through conversation, each of my categories came alive and themes began to emerge.

As I transcribed, reflected on, and interpreted each conversation, a story was emploted that offered an opportunity to appropriate a new understanding of organizational culture and change.

### **Narrative Identity**

Narrative identity concerns not just individual identity but the collective identity of organizations and communities. Venema (2000: 93) explains, “Our fragmented storied past must be given a configuration that will have the power to refigure our experience in the construction of my personal and our collective identities.” The identity of an organization is influenced by the individuals who are part of it. However, the reverse also holds truth; an individual’s identity may be guided by the values of an organization. The to and fro of this encounter creates each organization’s unique culture. In a merger or acquisition the challenges come when these unique cultures are brought together. In this moment, change becomes inevitable for both of them. Venema (2000: 120) explains, “[i]t is both a disconnection and a reflection of life that can dismiss the opposing accusations of sheer change or absolute sameness by proposing a dynamic concept of identity that is a unity of sameness and difference.” As mentioned in Chapter Four, Ken Clarke of the Northbay Business Journal believed that there was generally a dominant and subordinate organization in every merger. In his opinion the dominant organization strongly influences the culture of a newly merged entity. Ken was surprised to find out that was not always the case. He explained, “When presented with some different ways of doing things, the people at the New York Times were astonished at the way

we (Northbay Business Journal) did it and they said, ‘Gee this is simple.’ So they did adopt some of our controls-small things.” In these small things, change happened.

Throughout each of my conversations there was an underlying theme suggesting that power was a compelling element in the culture of an organization during mergers and acquisitions. Bringing two companies together requires phronesis and agents involved in structuring the deal have the power-to-act ethically. Venema (2000: 145) states, “[t]his concept of the power-to-do attains its fullest meaning with ethical and moral constancy.” By including others in the conversations about what the culture of the company will look like in the future the agents open up an occasion for power-in-common to take place.

Teresa Pahl’s firm has acquired new partners over the years and she believes that Hanson Bridgett’s culture works well. Teresa explains, “you know I hate to say this but this is a culture that works and we have 160 attorney who have bought into this culture, who like this culture, who don’t want the culture to change, who are happy to add people and welcome them in but we don’t want to disrupt it.” For her organization, moving from *idem* to *ipse* is an organic process that happens within the firm itself and those being acquired need to be willing to assimilate into the existing culture. Ricoeur (1991: 33) writes,

an unbridgeable difference does remain, but this difference is partially abolished by our power of applying to ourselves the plots that we have received from our culture and of trying on the different roles assumed by the favorite characters of the stories most dear to us. It is therefore by means of the imaginative variations of our own ego that we attempt to obtain a narrative understanding of ourselves, the only kind that escapes the apparent choice between sheer change and absolute identity. Between the two lies narrative identity.

In Chapter Four, I discussed Ethics as one of the themes that was interlaced throughout many of my conversations. According to Ricoeur (1992: 171), “Self-esteem and self-respect together will represent the most advanced stages of the growth of selfhood, which is at the same time its unfolding.” My conversation partners believed that there were often promises made during initial merger discussions that were not carried out once the documents were signed and the deal completed. Teresa Pahl worked on many rollups in the 1980s where she would hear, “Oh yeah, yeah, we are really interested in culture and you are going to love working for us especially when you get stock options and we go public.” Once the deal closed, the reality set in that mergers are often driven primarily by economics and outside shareholders-reasons that may not be shared during negotiations with the company being acquired. Ricoeur (1992: 188) describes reciprocity as

...the exchange between human beings who each esteem themselves. As for the corollary of reciprocity, namely equality, it places friendship on the path of justice, where the life together shared by a few people gives way to the distribution of shares in a plurality on the scale of a historical, political community.

The idea of reciprocity is not necessarily considered during a merger or acquisition, especially by the company making the acquisition. Ricoeur (1992) speaks of *phronēsis* (practical wisdom) and *Sittlichkeit*, which refers to the concept of an “ethical life.” These philosophical ideas easily translate to the world of mergers, acquisitions, and cultural change. *Phronēsis* and *Sittlichkeit*, as they relate to narrative identity, were observed in my conversation with Teresa Pahl who explained, “...while you may not always get the answer you want, it is important to ask why an organization is really looking to merge with yours? Is culture really important or are

they just saying, ‘Of course we are going treat you well.’” Venema (2000: 146) suggests that “Ethico-moral identity reflects a particular orientation that an agent assumes in relation to other agents.” In an organization there is opportunity for solicitude and the exchange of giving and receiving. Using power-in-common the organizations have an opportunity to refigure how they will live together in their newly formed tribe.

Within narrative identity lies the opportunity for the individuals in an organization to retain certain traditions while simultaneously imagining a new future. My work has focused on the cultural changes associated with mergers and acquisitions. Without change there is no future, and organizations are constantly changing and adapting even without a formal merger or acquisition. This can be seen in the evolution of the De La Salle Christian Brothers. The transition that has occurred over the course of many years shifted the narrative identity of the Brothers. Kearney (2004: 108) suggests, “... the identity of human subjects is deemed a constant task of reinterpretation in light of new and old stories we tell about ourselves.” The idem (sameness) of the De La Salle Christian Brothers has remained constant, grounded in the Brothers’ traditions and history. At the same time, the narrative identity of the Brothers, and others in the organization, has created a portal where interpretation and reinterpretation give way to ipse (selfhood).

In the merger of Kochis Fitz and Quintile (now Aspiriant), Tim Kochis believed that a newly formed culture should occur organically through the sharing of stories. Venema (2000: 93) explains, “The events of my personal and our collective stories form a vast diversity from which I try to weave a meaningful narrative account

of who I am in relation to who you are.” When considering narrative identity and how it relates to the organizational culture that results from a merger or acquisition, there is an advantage in allowing the movement between idem and ipse to occur naturally creating the space for a new story to be revealed.

The problematic seems to be whether or not those who are leading mergers and acquisitions are fully aware that the ontological and economic considerations in a merger or acquisition are equally important. When there is recognition and attention given to the collective and individual narrative identities in a merger or acquisition, interpretation and reinterpretation of the stories told can begin. Within these stories and the relationships they build, the newly merged organization may realize a successful future.

### **Mimesis**

Mimesis is not something that one focuses on directly when thinking about the cultural change that occurs during a merger or acquisition. Ricoeur (1983) talks about the hermeneutic circle whereby time never stops being reborn. Ricoeur (1984: 11) describes threefold mimesis: “The present of past things is the memory; the present of present things is direct perception and the present of future things is expectation.” In an organization there is a natural flow, looking both back in reflection and forward in anticipation. Ricoeur (1984: 11) explains that prediction (or the anticipation) is “a present expectation that future things are present to us as things to come.” When considering a merger or acquisition and its influence on culture, there is awareness that the past informs the future and that we are able to cause a future to go in one direction or another.



Throughout my conversations it became apparent that my partners were able to stand in the present (Mimesis<sub>2</sub>), look back at their world pre-figured (Mimesis<sub>1</sub>), and visualize an imagined future (Mimesis<sub>3</sub>). While they had never heard of critical hermeneutic theory or Mimesis, it was already part of their organizational and individual worlds. Ricoeur (1984: 52) states, “Time becomes human to the extent that it is articulated through a narrative mode, and narrative attains its full meaning when it becomes a condition of temporal existence.” Tim Kochis explained, “We probably thought first about the future... it wasn’t so much about any past or the kinds of advantages you could add up or visualize in a Power Point Presentation. It was more like hey if these two things get put together – wow. It was very oriented toward the future.”

In the case of the HP/Compaq merger, Webb McKinney revealed that they did talk to individuals about their past culture, what they liked and disliked and what they would change. While unaware of the theory, the individuals involved in the merger integration were embracing Mimesis in its purest form. The problem in the HP/Compaq merger arose when they stopped considering organizational culture and its influence on the future of the company. The individuals involved in the HP/Compaq merger assumed that once the boxes were checked, the process was complete, and there was no more to be done.

There is fluidity within Mimesis, where reinterpretation and interpretation need to go on in perpetuity creating deeper understanding as we move upward through the hermeneutic circle. Within the narrative, organizational and individual histories are interwoven remembering the past and anticipating the future. As

organizations merge together there is a great need to recognize the actors and, to consider and engage them in the mimetic process. In doing this, organizational culture and cultural change will take on new significance within mergers and acquisitions.

### **Summary**

As mentioned earlier in this Chapter, critical hermeneutic theory brought different reactions from each of my conversation partners, as well as others who inquired as to what my dissertation was about. When I began to transcribe my conversations, I realized that each of my partners spoke to my categories in their own particular way. The text that emerged through the interpretation of the data allowed me to appropriate greater understanding of the elements needed to take cultural change issues from theory to praxis. Ricoeur (1993) talks about the power of the narrative and its ability to determine the beginning, middle and end of an action. Narrative Identity and Mimesis create a partnership that breathes life into an organization's culture creating the momentum needed to move from sameness to selfhood.

## **CHAPTER SIX: FINDINGS AND RECOMMENDATIONS**

There is nothing more difficult to take in hand,  
more perilous to conduct or more uncertain in its success,  
than to take the lead in the introduction of a new  
order of things. (Niccolo Machiavelli)

### **Introduction**

This final Chapter provides a summary of my research, along with the findings from the data analysis. Through critical hermeneutic theory, implications, actions, and suggestions for future research in the area of cultural change in organizations, particularly as it relates to mergers and acquisitions, are considered and discussed. I conclude this dissertation with my personal reflections on the research process and the opportunities unveiled for the future of organizational culture and change.

### **Research Summary**

This document is the result of a study of how organizational culture may be influenced by mergers and acquisitions. Taking an ontological view, and using a participatory critical hermeneutic research inquiry into how changes occur in mergers and acquisitions, I have studied how corporate and non-profit organizations address the cultural change that transpires when two separate organizations come together as one.

In conversations with my partners I was able to ascertain that, even within the same organization, a text may be very different depending on who is telling the story. Ricoeur (1973: 91) explains, “If it is true that there is always more than one way of construing a text, it is not true that all interpretations are equal.” The interpretation of how organizational culture is influenced by mergers and acquisitions was somewhat

different for individuals who were in lead roles, and those who sat on a different step on the hierarchical staircase. All of my participants believed that a healthy culture was essential to the success of a merger or acquisition. However, the depth of importance varied depending on the motivation behind the transaction. One of my conversation partners, Teresa Pahl, believed that companies looking to build revenues often overlook the importance of an unimpaired and strong corporate culture. Managing an acquisition becomes difficult when companies merge and grow too quickly. There is also a problem when organizational leaders fail to realize that the primary asset of nearly every company is the people. An organization is only as enduring as the people who inhabit it. If there is no regard for the staff when a merger or acquisition occurs, a company begins to risk losing key people.

When a conversation partner was speaking from the perspective of the acquirer, or the dominant merging partner, the sentiment reflected that consideration had been given to the existing and future culture of the company. In some cases there was an acknowledgment that the integration team stopped short of successfully orchestrating the cultural blending of the organizations. For my conversation partners whose companies were acquired, or for those individuals not directly involved in their company's respective merger or acquisition, there was a sense that organizational culture was of little or no consequence in the merger discussions. My conversations with people associated with the De La Salle Christian Brothers authored mutual respect for the cultural traditions of the past, as well as the imagined culture of the future, where religious Brothers were no longer the primary members of the organizational tribe.

Critical hermeneutic inquiry allowed me to revisit and reinterpret the stories of others and make them my own. As the process evolved, I was able to gain new understanding of the many challenges facing organizational culture as a result of mergers and acquisitions. Through my conversations, the data collection, transcription, and finally, my analysis of the data in Chapters Four and Five, themes emerged within the theoretical categories of Narrative Identity and Mimesis. These themes provide the cornerstone for the findings and implications in this study.

### **Findings and Implications**

#### **Finding One: Walking the Talk**

As discussed earlier in this study, the question of ethics came through earnestly in several of my conversations. Venema (2000: 143) states, “The voluntary act of ethical and moral self-constancy that makes a person available for another is, for Ricoeur the ‘most advanced stage of the growth of selfhood.’” Organizational leaders, attorneys, and others involved in mergers and acquisitions often fail to follow through on their promises. There are numerous stakeholders in any organization and, as a result, there may be a need to exercise a certain amount of discretion during the early discourse between merging companies. Sometimes there may seem to be good reasons for secrecy-if the deal doesn’t go through then no one is the wiser and no disruption occurs in the business. On the other hand, this lack of transparency opens up opportunities for new stories to emerge in the form of gossip or hearsay. These stories may belie false hopes or undue fear, both of which could be toxic to an organization.

When two organizations are coming together, the company being acquired is asking for certain assurances around culture and traditions so that they can put the people in their organization at ease. Many times these assurances are verbal and occur long before the deal closes. Whether intentional or not, many of these promises seem to melt away when pen hits paper. Sometimes there is an opportunity for negotiation. More often than not, however, the acquired company is expected to give up its past in favor of a future primarily designed and directed by others.

What seemed to be missing in many of the mergers and acquisitions discussed by my conversation partners was an understanding on the part of the acquirers that, in order for a culture to flourish there should be transparency and participation in the process. Herda (2010: 145) explains, "... our aim in life is self-esteem, and how we interpret ourselves and our actions are the telling aspects of our ethics." This is where Ricoeur's ethical aim comes into play. Living the good life, with and for others in a corporate environment affords the opportunity for appropriation of best practices and success for all stakeholders. Moreover, concern for the other during a merger or acquisition, opens up doors for cultural understanding and integration that transcends well into the future of the organization.

### **Implications**

Finding One suggests that there is a need for greater transparency and honest negotiations during a merger or acquisition. Broken promises make their mark on the employees of both companies and give rise to a lack of trust well into the future. This lack of trust may negatively influence the organizational culture and the ultimate success of the company. Leaders involved in mergers and acquisitions should take

time to consider how their actions will be perceived. A proposed action would be a workshop or seminar designed to create an environment where leaders might gain an understanding of how their promises or lack thereof influence the ongoing culture of their organizations.

### **Finding Two: Traces of the Past in the Future**

One of my guiding questions concerned traditions and how they were viewed in the context of a merger or acquisition. As mentioned in Chapter Four, each individual I spoke with had a different understanding of tradition within an organizational context. Some of my conversation partners viewed tradition as something actionable, such as annual picnics and holiday parties. For others it was more symbolic and consisted of historical artifacts, oral stories and written histories.

Several of my conversation partners made comments about the challenges involved in keeping traditions, like holiday gatherings, alive after a merger or acquisition. Some of this was attributed to the fact that the organization was now larger, or had multiple locations making these events difficult from a geographical perspective. As companies experienced multiple mergers, the challenge of integrating traces of the past of each sub-culture into the newly formed entity became even greater. The influence of globalization on organizational traces will continue to present challenges, making the retention of traditions problematic.

Some of my partners believed that it was the size of the company, rather than the merger or acquisition that was most influential on whether traditions from the past remained. What was evident throughout the discourse was the creative ways tradition was sometimes kept alive and brought forward into a merged organization.

Tim Kochis of Aspiriant gave an example of how his former company used to celebrate, on occasion, with food and drink in their San Francisco office.

Logistically, it was now impossible to bring everyone together since their second office was in Los Angeles. Focusing on cultural health and keeping certain traditions alive, Tim brought in food and beverages to both locations and had the gathering via video conference. Holding on to traces of past traditions, they were able to reinterpret them and create something new.

In most cases, the traditions embraced after a merger or acquisition are dictated by the dominant organization. The smaller or subordinate organization is expected to let go of their cultural traditions and adopt those of the larger organization. In two of my conversations, the dominant organization realized value in some of the traditions of the subordinate organization and eventually adopted them.

Two of my conversations revealed that, with each new acquisition, the lack of integration left multiple cultures operating simultaneously within one organization. Each of these cultures retained their own traditions and held tightly to the traces of their individual pasts. In the case where multiple mergers and acquisitions take place, the traces may create subcultures that threaten the future success of the organization as a whole.

For better or worse, traditions serve as anchors to a company's past. As two groups of people come together to create a new company, traces of the past of each will remain, if only subliminally, and influence the future culture of the organization.



### **Implications**

Finding Two suggests that generally the individuals in an acquired company are expected to give up their traditions and history and assimilate into the existing culture of their acquirer. In society, when a culture loses traditions it loses part of its identity. The same holds true in an organization. By homogenizing a group of individuals, merging companies might lose the unique value that they sought to acquire by bringing their organizations together. A proposed action could include educating organizations on the importance of acknowledging the former traditions of an acquired company and adopting, where possible, those things that keep a connection to the past.

### **Finding Three: Integrating Organizational Culture**

As discussed in Chapter Four, cultural integration appeared to be a desired outcome among my conversation partners. At times, there appeared to be some confusion about the difference between assimilation and integration.

Within some of my conversations it was contemplated that the acquired organization would be assimilated into the acquiring organization's culture. For Hanson Bridgett that is the expectation. They are not against the culture evolving, however, they do not want to change or disrupt the existing culture. For their organization, cultural fit is essential when considering the acquisition of a new partner or another firm.

At Federal Express, there has been no obvious integration of the various companies they have acquired over the years. The former Flying Tigers employees continue to believe that their previous company was older and, therefore their values

were more valid than those of Federal Express. Federal Express acquired Kinkos and even the name continues to reflect two separate organizational cultures. Perhaps the separation was intentional from a brand development perspective. However, in order to have a healthy culture from top to bottom, “purple blood” should be running through the veins of the entire organization and that has never happened.

How cultural integration will occur following a merger or acquisition does not seem to be clearly defined. Those individuals who are responsible for mergers and acquisitions have a full understanding of balance sheets, financials and the economics of the deal. They are able to comprehend how product lines will be enhanced. These quantifiable items are interpreted, reinterpreted and reflected upon during and long after the merger documents are signed. When it comes to the ontological part of a merger, and those things that involve human beings, relationships, and cultural integration, people fall short. Cultural integration may be on a checklist and a consideration during the merger discourse. However, it rarely entertains the attention that monthly financials and sales reports receive in ongoing operations.

For most of my conversation partners, integration following a merger happened either organically or not at all. In the case of Aspiriant, integrating the cultures of the two former companies was an ongoing consideration. For HP and Compaq, the intent was there, however, the follow-up never occurred, and the influence of subcultures was never addressed.

### **Implications**

Finding Three suggests that organizations should consider culture and integration in the early discourse about whether or not a merger or acquisition makes sense.

Raising cultural integration to the level of economics when considering a merger or acquisition could prevent the wrong pairing of two organizations. In addition, a focus on ongoing cultural integration is necessary. It cannot simply be a box that is checked and then ignored. Ongoing attention to organizational culture is as important as ongoing attention to financial statements and profit margins. When considering a merger, companies put significant weight on financial statements and audits. A proposed action in the area of cultural integration would be for companies to conduct a cultural audit during the due diligence process to assess cultural fit.

#### **Finding Four: Power and Imagination**

In ten out of twelve of my conversations there was a belief that there was a bright future for each of their respective organizations. They imagined that a new cohesive culture was possible, if leadership was open to making organizational culture a priority. There was concern about cultural change, as well as an understanding that change was inevitable, regardless of whether there was a merger or acquisition involved. As mentioned previously in this study, there was an underlying current regarding power within each organization's narrative identity. Ricoeur (1992: 220) suggests that "...relations of power can involve a fragile balance in which giving and receiving are equal. More often than not the exercise of power is found in the power exerted over one will by another will."

The De La Salle Christian Brothers never merged or were acquired in the traditional sense. For them, cultural change came as the result of fewer Brothers and the need for more Lay Partners to keep the doors to their many schools open. Historically, the Brothers held the power in their organization and there was a belief

that would continue well into the future. What they did not realize was as the number of Brothers declined, there would be a balance shift and Lay people would outnumber the Religious. Ricoeur (1992: 195) states,

The idea of plurality suggests the extension of interhuman relations to all those who are left outside of the face-to-face encounter of an “I” and a “you” and remain third parties. The third party, however, is straightaway and no pun intended, the inclusive middle term (*tiers inclus*) within the plurality that constitutes power.

In my conversations with each of the individuals associated with the Christian Brothers, I was able to fully see critical hermeneutics move from theory to praxis. Arendt (1972: 143) explains “Power corresponds to the human ability not just to act but to act in concert. Power is never the property of an individual; it belongs to a group and remains in existence only so long as the group keeps together.” The Brothers recognized that cohesion and a balance of power was necessary in order for their imagined future to be realized. As mentioned previously, organizational culture can be seen in non-profit organizations, as well as in the for-profit world of business. For the Brothers and their Lay Partners, reflection on history, reinterpretation and power-in-common allows them to envision a successful organization well into the future.

### **Implications**

Finding Four suggests that individuals in organizations believe that change is inevitable. They are not naïve when it comes to understanding that the past may inform the future. For those partners who are not directly involved in a merger or acquisition, there does appear to be some resistance to change and a belief that they will not participate in imagining the future of their organization. There is often a

need to hold on to control and to exercise power over others who enter. A proposed action may include a workshop or seminar where conversations are held among people at all levels within an organization. The purpose of the discourse would be to discover how to practically imbue Mimesis, the power-to-act and power-in-common for a more enriched and successful future.

### **Suggestions for Future Research**

During my research I began to experience how critical hermeneutic theory transition to praxis. Each of my categories revealed themes that could be considered in future research.

1. In Finding One I discussed ethics within the category of Narrative Identity. Future research might focus more explicitly on Ricoeur's Ethical Aim as it relates to organizational culture in mergers and acquisitions. Acquiring organizations' lack of promise keeping was prevalent in several of my conversations and seems to warrant more in depth study.
2. Integration surfaced as a theme within Mimesis. Using Narrative Identity and Mimesis to more fully explore power, or the perception of power and its influence on culture in mergers and acquisitions could be considered in future research.
3. Culture may be more of a consideration in non-profit organizations than it is in for-profit companies. A study that focuses more directly on non-profit organizations may give rise to different findings. An additional area of research to consider might be a deeper look at how losing traces of an organization's history esteems its future.

### **Personal Reflection**

When I began this course of study I had no idea where it would take me. I have always had a passion for business and people. Having experienced several mergers and acquisitions I began to believe that organizational culture and change were not being given their proper place in the process. Initially, I had no idea that these experiences would lead me to my dissertation topic.

The journey I have been on since the day I began my doctoral work has been extraordinary. During this study my conversation partners added a richness that I could not have experienced using more traditional research methods. Their stories were personal and real, and revealed a text that brought forth things I had not considered before. Through them, I was able to understand that each organization, like any tribe, has its own unique history and culture. When a merger or acquisition occurs, that culture is threatened.

Perhaps my greatest revelation was just how important it is for organizations to understand that, without their people, they don't exist. Organizations are only as good as the people within them. Initially the organizational culture may intentionally be created by one or more founders. Ultimately, however, the culture of an organization is the creation of all who are part of it and is constantly evolving as people enter and leave. By understanding the culture of an organization we can more fully appreciate the importance of cultural integration in a merger or acquisition.

### **Conclusion**

As noted in the Research Summary, this document is the result of a study of how organizational culture may influence or be influenced by mergers and

acquisitions. Through critical hermeneutic theory, I had the opportunity to consider organizational culture and change using an ontological lens. During the research process I was able to gain new understanding about Narrative Identity and Mimesis, and how they are revealed in praxis.

Several emerging themes shed new light on the importance of considering organizational culture at the onset of a merger or acquisition and throughout the life of an organization. Kearney (2004: 99) poses the question, “[d]oes narrative really have a fundamental role to play in contemporary culture?” My research reveals that consideration of the human element in corporate marriages is essential to the ongoing success of the organization. Cultural integration within the organization requires action in the form of a narrative, enhanced by to and fro of conversation. Kearney (2004: 99) states:

...the four central tasks of narrative: (i) to realize our debt to the historical past; (ii) to respect rival claims of memory and forgetfulness; (iii) to cultivate a notion of self-identity; and (iv) to persuade and evaluate action. All four, as Ricoeur suggests, lead ultimately to a decisive hermeneutic threshold where a poetics of narrative converses with an ethics of responsibility.

Ricoeur’s tasks of narrative provide an ongoing path that allows both individual and collective selfhood to emerge through the fluidity of Mimesis and the process of self-constancy and self-rectification. Ideally, within this construct, consideration would be given as much to the culture of an organization as to its economics when a merger or acquisition takes place. Further, by applying Critical Hermeneutic theory and taking an ontological approach at the onset of a merger or acquisition, a space may be created for power-in-common to encourage ethical aim and create an environment of appropriation and solicitude.

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February 26, 2010.

## **Appendix A**

### **Letter of Invitation and Guiding Questions**

Dear \_\_\_\_\_

I will be conducting the field work for my dissertation over the next several months and would like to invite you to be one of my conversation partners.

The focus of my research is cultural change and, more specifically the influence that mergers and acquisitions have on the individuals that make up an organization's culture.

I would ask that you consider the following prior to our conversation:

1. Looking back do you recall where you were and how you felt when you learned that your organization was merging with another? What were your greatest fears?
2. How were the traditions of the past of each organization brought forward into the new organization and how did you view that personally? How did the story of the new organization change from what it was previously?
3. Culturally, what has and has not worked from your standpoint. From where you are today, what future possibilities can you imagine that would enhance the culture of your organization?

Please be advised that our conversation will be recorded and transcribed. You will, however, have an opportunity to review the transcription and make additions and changes.

If you are available to have a conversation with me please let me know via e-mail or telephone. It would be helpful if you could include the dates and times that you are available. Please allow a 2 hour window for our meeting.

Thank you in advance for your consideration of this request. I believe that your knowledge and understanding in the area of mergers, acquisitions and culture will truly enhance my study.

Sincerely,

Susan Duvall-Dickson

## **Appendix B**

### **Proposed List of Conversation Participants**

<b>Name</b>	<b>Occupational title</b>	<b>Organization/Affiliation</b>
Fred Dopfel	Managing Director	Barclays Global Investors
Bret Duvall	Relationship Manager	Wells Fargo
Greg Friedman	President	Private Ocean
Sharon Hoover	Owner	Coaching Works
Jeff Goodrich	Former Program Director	Honeywell
Br. Thomas Jones, FSC Brothers	Auxiliary Visitor Religious Brother	De La Salle Christian
Greg Kopra Brothers	Lay Leadership	De La Salle Christian
Dick Maher Chairman	President Wilson Daniels, Ltd.	Clos DuVal Winery
Kim Mazucca	Executive Director	Marin Education Fund
Richard Stone	CEO	Private Ocean
Tim Payne	Former VP and Manager	Wells Fargo

## **Appendix C**

### **Thank You Letter**

Date

Dear (Participant's name)

Thank you for speaking with me on \_\_\_\_\_ and exchanging your thoughts and insights on organizational culture and the changes that can result when two entities come together as one.

I am including a copy of the transcript of our research conversation for your review. The transcript is a very important piece of my research. Kindly review the transcript for accuracy and make any notations on the transcript including changes, deletions, or additions you would like to make. I will get in touch with you a couple weeks to discuss your comments and any alterations to the transcript. Once the review and editing process of the transcript has been finished, and upon your approval, I will use the revised transcript for my data analysis.

Again thank you for participating in my research study. Your unique perspective about this topic is a valuable contribution to the research material I have collected.

Sincerely,

Susan Duvall-Dickson  
Research Doctorate Student  
University of San Francisco  
School of Education  
Organization & Leadership Program

## Appendix D

### Institutional Review Board for the Protection of Human Subjects Approval

April 21, 2010

Dear Ms. Duvall-Dickson:

The Institutional Review Board for the Protection of Human Subjects (IRBPHS) at the University of San Francisco (USF) has reviewed your request for human subjects approval regarding your study.

Your application has been approved by the committee (IRBPHS #10-024). Please note the following:

1. Approval expires twelve (12) months from the dated noted above. At that time, if you are still in collecting data from human subjects, you must file a renewal application.

2. Any modifications to the research protocol or changes in instrumentation (including wording of items) must be communicated to the IRBPHS.

Re-submission of an application may be required at that time.

3. Any adverse reactions or complications on the part of participants must be reported (in writing) to the IRBPHS within ten (10) working days.

If you have any questions, please contact the IRBPHS at (415) 422-6091.

On behalf of the IRBPHS committee, I wish you much success in your research.

Sincerely,

Terence Patterson, EdD, ABPP  
Chair, Institutional Review Board for the Protection of Human Subjects

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IRBPHS - University of San Francisco  
Counseling Psychology Department  
Education Building - Room 017  
2130 Fulton Street  
San Francisco, CA 94117-1080  
(415) 422-6091 (Message)  
(415) 422-5528 (Fax)  
[irbphs@usfca.edu](mailto:irbphs@usfca.edu)

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<http://www.usfca.edu/soe/students/irbphs/>



**Appendix E**  
**Transcript of Conversation**  
**with Tamela Smith**

**SD:** Looking back at this or a previous merger do you recall where you were and how you felt when you first learned your organization was merging. What were your greatest fears?

**TS:** In the present merger I think we found out in a meeting. And, my first feeling was who are they what are they about. In a way I was excited because it meant we were growing in spite of the bad economic time going on. So, in a way I was excited. Fears... I really didn't have any fears. I have been through a merger before. When I was with Federal Express we merged with Flying Tigers and I think I found out through the news media. They didn't really tell us anything until it was pretty much done. And again we were the acquiring company so there was no fear around it. It was just watching the whole atmosphere shift with these new people coming in who had no idea what we did.

**SD:** When they came did they bring any traditions of their past into the new organization how did others feel?

**TS:** It was an acquisition so we didn't adopt any of their philosophies. We just wanted their routes, their international routes and that was one of the reasons for the acquisition. So all the little benefits that they had including their retirement accounts got changed and with Salient-Friedman I think we adopted quite a few of the beneficial aspects of their business that is actually helping our business be more solid and stronger. That's completely opposite from what I experienced before with Federal Express. This merger has actually been positive because I think it has given Salient a stronger platform. Becoming Private Ocean and merging the two strengths of those companies I think will make a more solid company going forward. In the Federal Express acquisition the Flying Tiger people were very resentful. Because they were either going to be bought out of their retirement which was maybe half what they would expect unless they stayed with Federal Express until they were ready to retire. They weren't given a great severance package to not come over to Federal Express. Most of them were hugely resentful because they had a huge learning curve because it was a completely different style of business and kind of business. There was a lot of anger toward us (the Federal Express Employees). They had to give up so much. I worked with this one person who had been with Flying Tigers for twenty-five years and to have to give up all of their benefits and acquire our benefits which weren't as good made him very unhappy. In the new merger I've seen nothing but excitement. I haven't heard anybody feel or express any trepidation or disappointment as a result of the merger. I've only heard people say that it is a positive move for both companies.

**SD:** If you look back at the previous merger do you think that Federal Express did anything culturally to try to make the transition easier on everybody?

**TS:** Not really. I think that they saw an opportunity to get some international business which was the way at that time to just move forward to expand their business and I think it was more what can they absorb and get rid of whatever the old culture was and have the Flying Tiger people acclimate to the new culture as soon as possible with as little friction as possible. Culturally in the current situation what has worked is that the people of the organization have been put first, making sure that they were involved with the transition so that it wasn't like Federal Express—a big surprise and then you have to change behavior and change your thinking and your comfort zone. With the Salient-Friedman merger we were kept informed so that every step of the way we were able to acclimate sooner so when the merger actually happened it wasn't like you had to jump through a lot of hoops to make things meld together—you were already part of what was going to be happening. You were already aware of it. I think in the current merger that the best parts were brought in from both firms. I think it was realized through management and many meetings I'm sure what should be brought in from both sides and what should be let go of. I would say what didn't work was that the platform was marketing driven instead of relationship driven. When Salient acquired clients there wasn't enough contact with clients when you brought them into the organization which created problems. We acquired business without a good relationship with clients. If you have two or three advisors for one client instead of one client to one advisor you establish a better relationship with the client and a better foundation in the company. Right now clients just know me and to introduce somebody it is going to take awhile for them to evolve to the another way of doing things—to have that comfort zone.

**SD:** Looking forward and imagining what it might be like what do you think the future might look like?

**TS:** I think it is going to be a lot more pleasant situation for the clients (to have a team of advisors). Clients like to have their special contact but they want to know they are going to be taken care of. Going forward when we transition to a model where clients have more than one contact, it will be more comfortable for the client and for us. The clients will get better service and they will feel part of something. If it is more family centric and less portfolio centric it will be better. The advisors are acclimating to that now and are anticipating it and appreciating it. I don't think there will be any obstacles at all unless we go back to a marketing platform where we are just trying to pull in as many people as possible for a bottom line number. I think you sometimes have to say no in order to be popular. Advisors can take on a lot but when you have a downturn in the market there is a lot of stress and it is a system that will break because you cannot do both you can't deal with a down market and clients that aren't a good fit.

**SD:** So what you are saying is that a culture that is driven by marketing or the market is not a comfortable environment to be in?

**TS:** Yes, that's accurate.

**SD:** Going back to the Fed Ex experience and thinking about the people again within your organization you didn't feel anything or sense anything among your peers that gave anyone any concern or trepidation? You say you found out through the media—did anyone at all say oh my gosh what does this mean for us?

**TS:** For us (the Federal Express employees) we thought what would be some of the advantages for us—were there any benefits? The Flying Tigers used to have a benefit where you had a flight attendant. You always got to fly to different destinations on a Fed Ex plane but on the Flying Tigers plane you had a flight attendant—somebody who could serve you drinks and food and you didn't have that on the Fed Ex plane. But they took all that away. Because Flying Tigers was international we had more opportunity to fly internationally to visit friends and family which was one of the benefits. From the Fed Ex employee's side of it we thought it was a really good thing. As a Fed Ex employee we had great benefits—you started part-time and were full time within 90 days. Incredible health care—we had bonuses every six month which was about 10% of your salary, all the overtime you could want. As a part-timer you could make \$45,000 a year with all of these benefits including flex hours. Those were the good old days. It makes a difference how you treat people—now days the Fed Ex benefits are not all that great.

**SD:** Did those things make it a culture that you enjoyed being in? Did you have a voice, a say?

**TS:** For a long time we did have a voice and then gradually it was taken away. The more voice you give the employees to be a part of things the better the culture is. You should be able to say what you feel or what you'd like to see as a change—it might not happen but just giving people the voice is like giving people freedom. Once you give them that or if there is a disagreement they had a process called guaranteed fair treatment where you went through different steps and different processes to have outside people in upper management hear your disagreement and they would make a decision around that. You would go through several people who would hear your case before you could be terminated. Initially I think they cared about people's lives and stories. In their heyday they were just getting started I think they had a people philosophy but the more they grew the less they became attached to the employee. It became just a business because you have to always make the bottom line for the shareholders—at that point the people were listened to less and less and it became more of a dictatorship—either do it the way we say or don't work here anymore. The benefits began to be cut and it is just interesting to see that evolution because in the 1980's Fed Ex was a fun place to work—you had a lot of freedom and a

lot of input. As soon as they got too big all that went away. Today they are almost out of business.

**SD:** Do you remember when the Flying Tiger group was acquired you said that they were not happy. Where was their anger directed?

**TS:** Their anger was directed toward Fed Ex in general. There were a few former Flying Tigers that stayed on with Fed Ex but they were always disgruntled—they were what you'd call toxic employees. From the time they walked in, in the morning to the time they left at night all you heard was their complaining because things weren't the same as it was when they were with Flying Tigers and on and on.

**SD:** How many employees did each of these companies have and what was the culture like during the time that Flying Tigers was acquired by Fed Ex?

**TS:** I don't really remember. I just know that Flying Tigers was a smaller and much more intimate organization. I would say they were probably a third of the size of Fed Ex. It was a different time companies were living high on the hog—everyone had expense accounts that were pretty extraordinary. There were so many perks, mostly for management but it trickled down. Company picnics and holiday parties were extravagant. We had a casino night for the managers—they rented the whole Queen Mary and everyone stayed there for a week. During the day there were meetings and at night you were free. Teams were a big thing during that time.

**SD:** What about corporate communication?

**TS:** Some managers were really good but at higher levels there was no verbal communication everything came out from senior management by memo. These were the days before e-mail. Memos—do you remember memos—I'd have a stack of them to go through that had everything everyone wanted you to know about. Memos are just so archaic now. Things would change constantly—we had handbooks with constant changes. Every year the employees got to grade the managers and the managers bonuses were based on your feedback. It was a percentage of their bonus that we got to weigh in on. Upper management got to find out whether people felt safe. One of the questions was “do you feel that you will always have a job and how secure do you feel in the position you are currently in.” When things started to shift the answer was always ‘no’. In the earlier times when people were part of the company and they were excited and they had fun the answer was ‘yes’. Once you took the fun out and you made it just a routine job... you look at Southwest Airlines. At American Express the head, Gordon Smith, used to come in and sit with people to understand what it was they did. He knew about you and your family. Leadership should really know you. There is a Japanese airline and he just shows up randomly—you don't know where he is going to show up and he'll just go “Hi Susan—I'm going to work with you today and he works with you all day.” And to see what your job is and who you interact with and he does this at every single level.

**SD:** Do you think that any of them go as far as caring and asking about your personal story and who you are as an individual?

**TS:** This Japanese person does—they did a whole interview with him and he asks where did you come from, who is your family, and what did you do before. I wonder if it is European or foreign culture that cares more about the individual—in leadership you need to know what your people do. Delegating is one thing but if you don't know what it takes to get from point A to point B you lose respect. Envisioning the future I hope that we need to keep a solid foundation with the client relationships—building trust. We need to keep the company lunches and the things that keep building relationships among the employees. Every person in the organization is equally important. It's interesting in the “old time” hierarchical organizations there seemed to be more compassion for the individual than there is in the current “flat” organization. I think maybe organizations just get too big—Branson with Virgin American seems to be doing it but... I think when things just get too big it just gets impersonal. In the 1980's they had daycare, ordering groceries and they never had so many people not missing work. If you take care of your people they will take care of you. It's true we are in hard economic times but you can succeed in any business if you just take care of your people. Your people will go above and beyond if they feel safe, taken care of, listened to and a part of something. When you take their security away or you take their confidence away they will just get by. It's reactionary and it's just 9-5. I can't wait to get home and get to another life or...

**SD:** I wonder if most mergers and acquisitions are still focusing on the bottom line rather than on the people?

**TS:** Most of them are—the big corporations I think are. The intentions might be good but I think they are drawn into the bottom line. They do the merger thinking they are going to help things but I think you get so big—you don't mean to take the pulse off but you just physically can't do it anymore. I don't see how you could. Capitalism is about continuing to grow—I made 20% last year and I want to make 22% this year instead of saying I can make 18% and it's okay—it's our culture. Our culture does not promote people in business—it did in the 80's the culture promoted the team philosophy, your employees should come first, and then in the 90's—well even in the 90's in the tech industry it was all about the employees but when the tech bubble burst it seems like it all went away.

**SD:** But, don't you see it coming back again?

**TS:** It has to. Because I don't think people will accept it. Even in the down economy when people need jobs there needs to be loyalty....